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prepared for:

Beaver County Employees' Retirement Fund

Performance Review Fourth Quarter 2007

Markets & Economy

Market Index Performance
As of December 31, 2007

	1 Quarter	2007	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
DOMESTIC EQUITY								
Russell 3000 Index	-3.34	5.14	5.14	10.30	8.89	13.63	4.00	6.22
Russell 1000 Value Index	-5.80	-0.17	-0.17	10.47	9.32	14.63	6.74	7.68
S&P 500	-3.33	5.49	5.49	10.53	8.62	12.83	3.30	5.91
Russell 1000 Growth Index	-0.77	11.81	11.81	10.43	8.68	12.11	0.23	3.83
Russell Midcap Value Index	-5.97	-1.42	-1.42	8.86	10.11	17.92	11.24	10.18
Russell Midcap Growth Index	-1.70	11.43	11.43	11.04	11.39	17.90	4.05	7.59
Russell 2500 Index	-4.32	1.38	1.38	8.52	8.38	16.99	8.96	9.01
Russell 2000 Value Index	-7.28	-9.78	-9.78	5.55	5.27	15.80	11.20	9.06
Russell 2000 Index	-4.58	-1.57	-1.57	7.94	6.80	16.25	8.14	7.08
Russell 2000 Growth Index	-2.10	7.05	7.05	10.15	8.11	16.50	4.47	4.32
INTERNATIONAL EQUITY								
MSCI EAFE (net)	-1.75	11.17	11.17	18.51	16.83	21.59	8.37	8.66
MSCI AC World Index (net)	-1.79	11.66	11.66	16.21	14.39	18.24	6.58	N/A
MSCI EM (net)	3.64	39.38	39.38	35.73	35.15	37.02	23.62	N/A
REAL ESTATE								
NAREIT-Equity REITs	-12.68	-15.70	-15.70	6.69	8.49	18.15	15.39	10.47
NCREIF Property Index	3.21	15.85	15.85	16.22	17.49	15.14	12.76	12.91
DOMESTIC FIXED INCOME								
LB Aggregate Index	3.00	6.97	6.97	5.64	4.56	4.43	5.81	5.97
LBGC Bond Index	3.10	7.23	7.23	5.49	4.43	4.44	5.93	6.01
LBGC Intermediate Bond Index	2.90	7.39	7.39	5.72	4.32	4.06	5.55	5.75
LB US Treasury: 1-3 Year	2.38	7.31	7.31	5.61	4.27	3.11	4.23	4.75
LB US Corp: High Yield	-1.30	1.87	1.87	6.75	5.39	10.91	8.25	5.52
CASH EQUIVALENT								
90 Day Treasury Bills	0.99	4.91	4.91	4.84	4.18	2.95	2.99	3.71

Returns are expressed as percentages.



U.S. Economy:

- The Fed lowered the fed funds rate by 50 bps to 4.25%; the discount rate was also lowered to 4.75%. The central bank cited its concerns about slowing economic growth due to the ongoing deterioration of the housing markets as well as weaknesses in business and consumer spending.
- The annualized third quarter real GDP growth of 4.9% was strong, even relative to the robust growth rate of 3.8% in the second quarter. However, current economic growth is expected to slow in light of the housing market collapse and tight credit conditions.

U.S. Equity:

- Returns during the fourth quarter ranged from a high of -0.8% for the Russell 1000 Growth Index to a low of -7.3% for the Russell 2000 Value Index. Broad-market indices, the S&P 500 and the Russell 3000, declined 3.3%.
- Growth outperformed value across the capitalization spectrum for the quarter and large caps bested small caps.
- As oil approached the \$100 per barrel mark, energy stocks (3.9%) had the greatest positive impact on the S&P 500 Index's quarterly return.
- Financials was the worst performing sector for the quarter (-13.9%), as write downs continued to torment investors.

International Equity:

- Developed non-U.S. equity markets declined 1.7% (-2.9% in local currency terms) during a volatile fourth quarter due to a deepening credit crisis and growing concerns over a slowdown in the global economy.

Real Estate:

- The U.S. REIT market ended the quarter down 12.7% due to a weakening outlook of the U.S. housing market and increased concerns about the credit market.
- Private real estate returned a positive 3.2% for the fourth quarter of 2007. This result represented 1.3% income and 1.9% capital appreciation.

U.S. Fixed Income Markets:

- The Lehman Brothers Aggregate Index returned 3.0% during the fourth quarter. Investment grade spread sectors' performances were largely positive - with the exception of ABS - on an absolute basis but entirely negative relative to duration neutral treasuries.

Interest Rates:

- The Federal Reserve Board (FRB) lowered the fed funds rate by 50 bps to 4.25%; the discount rate was also lowered to 4.75%. The central bank cited its concerns about slowing economic growth due to the ongoing deterioration of the housing markets as well as weaknesses in business and consumer spending. The Fed also noted its concerns about the turbulent financial markets and stated that the recent rate cuts should help promote moderate growth over time.

Growth*/Sentiment:

- The annualized third quarter real GDP growth of 4.9% showed no revision from the preliminary figure. The final GDP growth rate, in line with consensus estimates, was strong even relative to the robust growth rate of 3.8% in the second quarter. However, current economic growth is expected to slow down in light of the housing market collapse and tight credit conditions. Relative to the second quarter's growth rate, the third quarter witnessed an improvement aided by factors such as increased exports and strong growth in personal spending. In contrast, rising imports and a decline in housing investments offset the strong economic growth.
- The Institute for Supply and Management's (ISM) index declined from 50.9 in October to 47.7 in December. This represents the index's sixth consecutive decline and its first drop below the key 50 mark since January 2007; a reading below 50 is indicative of contraction in manufacturing activity.
- The Consumer Confidence Index declined in October (95.2) and November (87.8) but registered a modest increase in December (88.6), its first uptick since July 2007. The downward spiral of consumer confidence continued this quarter due to high energy prices, volatile equity markets, comatose housing markets, deteriorating employment situation, and stretched consumer finances.

Employment:

- The employment figure remained strong in October and November with 159,000 and 115,000 net new jobs created, respectively. However, in December, the labor markets registered a lackluster increase of 18,000 net new jobs due to payroll declines in the construction, manufacturing, and retail sectors. At the end of the fourth quarter, the unemployment rate stood at 5.0%, up 30 basis points from the previous quarter's 4.7%.

Inflation:

- The price of crude, as represented by West Texas Intermediate (WTI), ranged from \$79 to \$99 per barrel in the fourth quarter, substantially higher than the previous quarter's range of \$69 to \$83 per barrel.
- The core CPI (which excludes more volatile food and energy prices) rose 0.3% in November, after registering a modest 0.2% increase for each of the past five months. Year-over-year, core inflation at 2.3% remains well below its recent peak reading of 2.9% in September 2006.
- The Producer Price Index (PPI) rose 3.2% in November, the index's second highest reading since inception (April 1947), driven primarily by increased energy prices. In December, the index declined 0.1% as the prices of finished energy products gave up some of their November gains. Core PPI registered increases of 0.2% and 2.0% for December and the year, respectively.

Deficit:

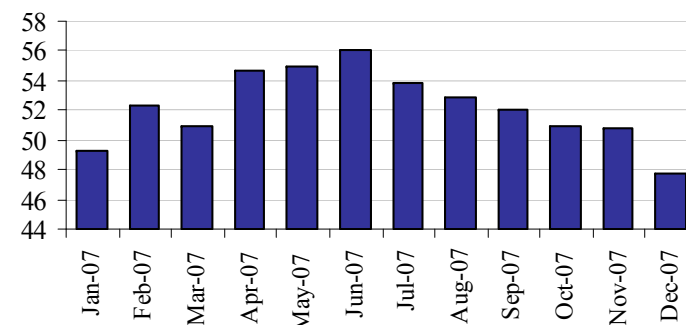
- Following the second quarter deficit of \$188.9B, which represented 5.5% of GDP, the third quarter deficit narrowed to \$178.5B, or 5.1% of GDP.

* U.S. GDP figures are lagged by one quarter.

Economic Indicators			
Descriptor	Frequency	Actual	Consensus
Federal Funds Rate	Monthly	4.25%	4.25%
GDP (Lagged)	Quarterly	4.91%	4.90%
Consumer Sentiment	Monthly	88.60	86.50
Jobless Claims	Weekly	337,000	345,000
Unemployment Rate	Monthly	5.00%	NA
CPI (Lagged)	Monthly	0.80%	0.70%
PPI	Monthly	-0.10%	0.20%
Current Account Deficit (Lagged)	Quarterly	\$179B	\$184B
ISM	Monthly	47.70	50.90
Existing Home Sales (Lagged)	Monthly	5.00M	4.97M
New Home Sales (Lagged)	Monthly	0.65M	0.72M

Source: Economy.com, Econoday

ISM Purchasing Managers Index, SA



Source: Economy.com, Bureau of Economic Analysis

Market Overview:

- Despite the fourth quarter's poor performance, including a particularly dismal November, most U.S. equity indices posted gains for the fifth consecutive year.
- Returns during the fourth quarter ranged from a high of -0.8% for the Russell 1000 Growth Index to a low of -7.3% for the Russell 2000 Value Index. Broad-market indices, the S&P 500 and the Russell 3000 declined 3.3%, while the DJIA fell 3.9%.
- Returns for the year ranged from a high of 11.8% for the Russell 1000 Growth Index to a low of -9.8% for the Russell 2000 Value Index. Broad-market indices, the DJIA, S&P 500, and Russell 3000, returned 8.9%, 5.5%, and 5.1%, respectively.
- The cycle appears to have finally turned for growth and large cap stocks: as measured by the Russell indices, growth outperformed value across the capitalization spectrum for the quarter and for the year; large caps bested small caps for the quarter and for the year.

Market Drivers:

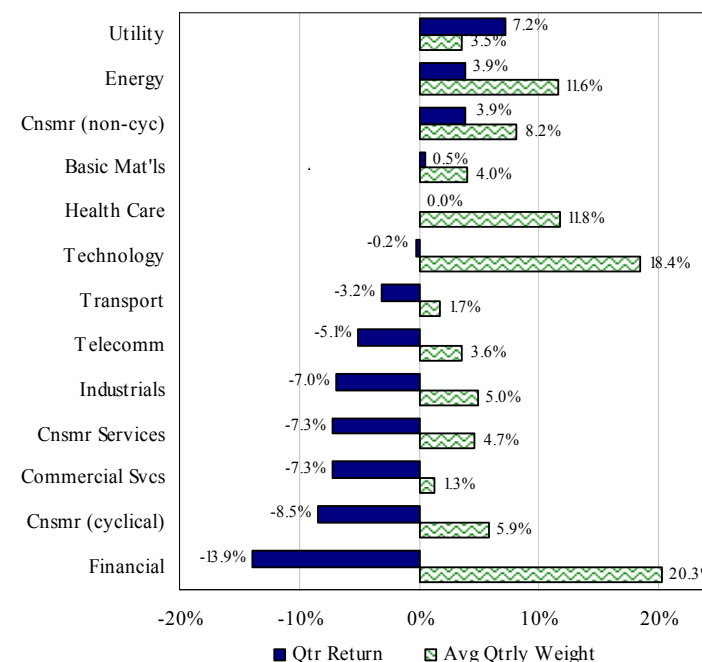
- The U.S. economy created 1.3 million jobs in 2007, including roughly 430,000 during the fourth quarter. Job growth has been positive for 52 consecutive months; however, 2007's totals are the lowest since 2004. Unemployment rose to 5.0% this December, compared to 4.7% in November 2007, and 4.4% in December 2006. These relatively weak labor market statistics raised the probability of further interest rate reductions by the Federal Open Market Committee (FOMC).
- On October 31st and December 11th, the FOMC reduced the federal funds rate by 25 basis points. After the first meeting, the Fed's language suggested concerns pertaining to inflation and the economic growth were roughly in line. The rhetoric from December's Fed minutes, however, suggested that while energy prices may impact inflation in the future, further rate cuts may be necessary to "foster price stability and sustainable economic growth."
- The housing market declined for the second consecutive year. Annual sales of existing homes fell 12.4% while sales of new homes fell 23.9%. Further, median new home prices and median existing home prices fell 2.3% and 2.7%, respectively. The declines are expected to persist through 2008, as foreclosures increase and the inventory glut put further pressure on the housing prices. The market consensus is that the supply/demand imbalance will find equilibrium sometime in 2009, as builders continue to pull back on new projects and new homeowners enter the market.

Performance Highlights:

- As oil approached the \$100 per barrel mark, energy stocks (3.9%) benefited and had the greatest positive impact on the S&P 500 Index's quarterly return.
- Utilities (7.2%) and consumer non-cyclicals (3.9%) performed best.
- Financials was the worst performing sector for the quarter (-13.9%), as write downs continued to torment investors; it suffered the greatest decline (-16.3%) for the year, as well. Merrill Lynch (-41.3%) and Citigroup (-44.7%) dropped precipitously while Bank of America (-17.7%) and AIG (-18.9%) also contributed meaningfully to the sector's decline.
- Energy (33.8%) led the way for the calendar year with strong contributions from Exxon Mobil (24.3%) and Chevron (30.6%). Technology (18.5%) was the second strongest performer, as Apple (133.5%) and Google (50.2%) performed particularly well.

U.S. Equity Index Returns 12/31/2007					
	Oct	Nov	Dec	4Q07	1-YR
Dow Jones Industrials	0.4	-3.6	-0.7	-3.9	8.9
S&P 500 Index	1.6	-4.2	-0.7	-3.3	5.5
S&P 500 (Eq Wtd, Rbl Daily)	1.3	-4.8	-1.4	-4.9	1.7
NASDAQ Composite (Ex Income)	5.8	-6.9	-0.3	-1.8	9.8
Russell 3000 Index	1.8	-4.5	-0.6	-3.3	5.1
Russell 1000 Index	1.7	-4.3	-0.7	-3.2	5.8
Russell Midcap Index	1.6	-4.8	-0.3	-3.5	5.6
Russell 2000 Index	2.9	-7.2	-0.1	-4.6	-1.6
Russell 1000 Growth Index	3.4	-3.7	-0.4	-0.8	11.8
Russell 1000 Value Index	0.0	-4.9	-1.0	-5.8	-0.2
Russell Midcap Growth Index	2.6	-4.4	0.3	-1.7	11.4
Russell Midcap Value Index	0.4	-5.3	-1.1	-6.0	-1.4
Russell 2000 Growth Index	4.5	-6.9	0.6	-2.1	7.0
Russell 2000 Value Index	1.1	-7.5	-0.8	-7.3	-9.8

S&P 500 4th Qtr Return -3.3%



Source: Barra APA

Market Overview*:

- Developed non-U.S. equity markets declined 1.7% (-2.9% in local currency terms) during a volatile fourth quarter. Despite the decline, the markets, as measured by the MSCI EAFE Index, posted a full-year gain of more than 11%. The market began the quarter by extending second quarter's positive momentum; however, a deepening credit crisis and growing concerns over a slowdown in global economy violently shook the markets in November and December. All regions fell during the quarter, but Japan bore the brunt of the fall, declining nearly 9.0%.
- The U.S. dollar weakened against most major currencies, which enhanced returns for U.S. investors. The British pound was the notable exception, as it fell significantly relative to all the major currencies including the U.S. dollar.
- Economic sectors registered mixed results, with defensive sectors performing better than the cyclical sectors. According to the S&P/Citigroup GICS indices, utilities (7.8%) and telecommunication services (7.1%) performed the best, while information technology (-7.2%) and financials (-5.0%) lagged the broader index. Within financials, banks were particularly hard hit by write-downs in structured products and subprime losses.
- As measured by the relevant S&P/Citigroup indices, large caps outperformed small caps by about 350 basis points, while growth bested value by 100 basis points.

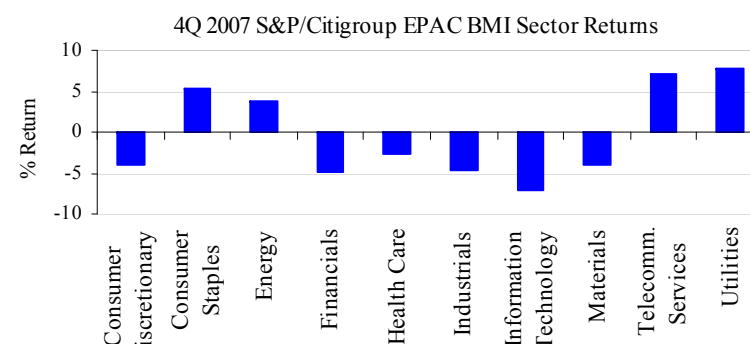
Market Drivers:

- Continental Europe had a rough go as the U.S. subprime mortgage sector meltdown caused many European banks to report large write-downs. The European Central Bank left the interest rates unchanged at 4.0%, but continued to provide liquidity to the markets. In the U.K., the Bank of England cut interest rates to 5.5%.
- In Japan, investors were concerned with the slowing global economy as well as decelerating corporate earnings. The Bank of Japan left the interest rates unchanged during the quarter. The yen's appreciation against the U.S. dollar continued to hurt many exporters, particularly those sending products to the U.S.
- In the Asia Pacific region, Australia fell in the fourth quarter as the materials sector underperformed the broad market. The Bank of Australia raised its short-term rate in November. On the political front, Kevin Rudd won the election as prime minister of Australia.

Performance Highlights*:

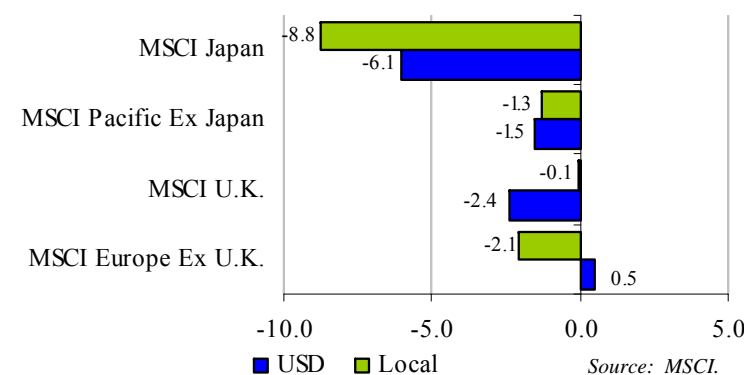
- Spain (8.3%), Portugal (7.4%), and Hong Kong (7.1%) were the top-performing countries in the MSCI EAFE, while Sweden (-12.8%), Ireland (-11.2%), and Japan (-6.1%) were the laggards.
- E.ON (12.3%), Suez (12.8%), and RWE (8.8%) were among the top contributors to the utilities sector's positive performance.
- Commercial banks such as HSBC (-6.0%), UBS (-16.3%), and Royal Bank of Scotland (-15.4%) contributed to the decline of the financial sector.
- Information technology names Canon (-16.1%), SAP AG (-13.5%), and Ericsson (-41.2%) were some of the underperformers for the quarter.
- BHP Billiton Limited (-9.9%), Anglo American (-6.4%), and Nippon Steel (-16.4%) contributed to the decline of the materials sector. During the quarter, BHP launched a bid for Rio Tinto (25.7%).
- Vodafone (7.8%), Telefonica (14.6%), and Deutsche Telecom (9.0%) contributed to the outperformance of the telecommunications sector over the broad market.

International Equity Index Returns					
12/31/2007					
	Oct	Nov	Dec	QTR	1 Year
MSCI EAFE	3.94	(3.26)	(2.25)	(1.71)	11.63
MSCI EAFE Small Cap	6.24	(7.19)	(3.46)	(4.80)	1.79
MSCI EAFE Growth Index	4.02	(2.04)	(2.12)	(0.26)	16.84
MSCI EAFE Value Index	3.85	(4.57)	(2.37)	(3.24)	6.49
S&P/Citigroup EPAC BMI	4.25	(3.79)	(2.39)	(2.10)	11.43
S&P/Citigroup EPAC PMI	4.02	(3.03)	(2.21)	(1.35)	12.95
S&P/Citigroup EPAC EMI	5.10	(6.55)	(3.08)	(4.81)	6.11
S&P/Citigroup EPAC BMI Growth	3.91	(2.82)	(2.55)	(1.60)	11.86
S&P/Citigroup EPAC BMI Value	4.61	(4.77)	(2.23)	(2.61)	10.98



Source: S&P/Citigroup

4th Quarter 2007 Regional Performance (%)



Source: MSCI.

Market Overview:

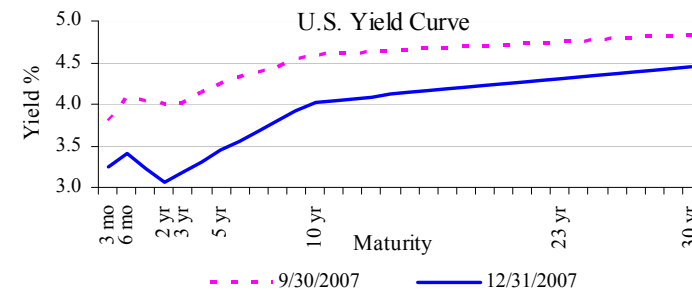
- The U.S. fixed income markets posted positive returns during the fourth quarter. The Lehman Brothers ("LB") Aggregate Index returned 3.0%. Investment grade spread sectors' performances were largely positive - with the exception of ABS - on an absolute basis but entirely negative relative to duration-neutral treasuries.
- The "plus" sectors, namely high yield and emerging market debt, posted negative results relative to their investment grade counterparts. They, like the investment grade sectors, significantly underperformed duration-neutral treasuries, by 538 and 270 bps, respectively.

Market Drivers:

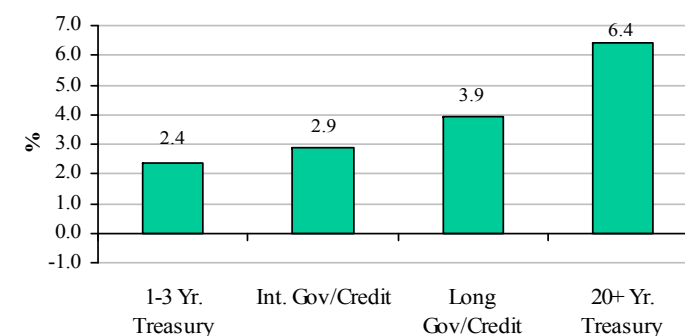
- The fixed income markets remained volatile during the fourth quarter as a result of the credit crunch and weak economic data, namely consumer related loan deterioration. The turmoil in the subprime market continued to weigh on markets, as the rating agencies placed the AAA monoline bond insurers on negative outlook and downgraded the lower quality insurers. Liquidity problems persisted as well, highlighted by large spreads (between 100 and 220 basis points) between LIBOR and 3-month T-Bills.
- The Federal Reserve Board continued its easing cycle with two consecutive 25 bp cuts in the fourth quarter. The fed fund rate cuts were coupled with two 25 bp cuts in the discount rate and coordination of liquidity injection with four major central banks. Additionally, U.S. Treasury Secretary Paulson drafted a mortgage relief plan to help lessen homeowner defaults.
- Treasury yields fell across the yield curve as investors sought shelter in treasuries for the second consecutive quarter. The curve steepened due to the Fed's rate cut and heightened concerns over future inflation. The 2- to 10-year spread widened by 37 bps and ended the quarter at 97 bps; the 2- to 30-year spread closed the quarter at 140 bps. Long-term bonds, which are more sensitive to changes in interest rates, outperformed their intermediate and shorter-term counterparts.

Performance Highlights:

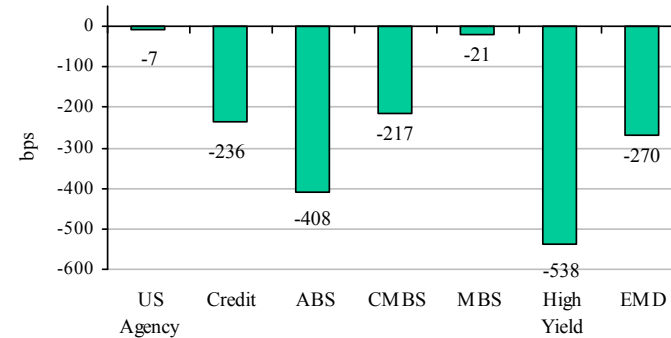
- The flight to quality continued in the fourth quarter, driving spreads wider. All spread sectors performed poorly, relative to duration-neutral treasuries. Sectors most closely related to the subprime, financials, and the consumer credit, such as ABS and credit (investment and non-investment grade) suffered the most.
- Mortgages, the largest component of the LB Aggregate Index at 35.0% weight, returned 3.1% on an absolute basis and -21 bps relative to the duration-neutral treasuries. The mortgage sector held up relatively well due to the quality of government sponsored agency-backed securities.
- Credit, the second largest component of the LB Aggregate Index at 22.9% weight, was one of the worst performers on a relative and an absolute basis. On an absolute basis, the sector rose 2.2%, but declined 236 bps relative to duration-neutral treasuries. Financials and home builders performed particularly bad, as several companies in these sectors were downgraded to junk status.
- The LB High Yield Index dropped 1.3% and underperformed duration-neutral treasuries by 538 bps. Recession fears led to an anticipation of higher corporate defaults. Consistent with investment grade credit, the worst performers were financials and home builders. Relative to duration-neutral treasuries, the B-rated sector was the best performer (-474 bps), followed by BB (-489 bps) and CCC (-749 bps).
- Municipals underperformed treasuries in the fourth quarter due to the continued flight to quality, fears over the monoline insurers, and revenue concerns stemming from lower property values.



Source: Bloomberg

4th Quarter Performance of Lehman Indices

Source: Lehman Brothers

4th Quarter Duration-Adjusted Performance by Sector

Source: Lehman Brothers

Market Overview – Public Real Estate:

- The U.S. REIT market, as measured by the NAREIT Equity Index, ended the quarter down 12.7% and the year down 15.7%. October's performance was modestly positive (1.1%) but REITs fell off the cliff in November (-9.1%) and again in December (-5.0%). Declines were largely due to a weakening outlook of the U.S. housing market and increased concerns about the credit market. The dividend yield ended the year at 4.9%.
- The broader NAREIT Composite Index, which includes mortgage REITs, fared only marginally better with a smaller loss of 12.1%.

Performance Highlights:

- All sectors, with the exception of healthcare (5.0%) and specialty (0.9%), generated losses for the quarter. Hardest hit were mixed office and industrial properties, reporting a loss of 21.9%. This was also the worst performing sector for the year with a return of -33.1%. Similar to the fourth quarter, property types with shorter lease terms suffered the most: lodging fell 20.9% while apartments lost 18.4% for the quarter.

International REITs:

- Asia, which at 43% represents the largest region in the FTSE EPRA\NAREIT Index, continued to outperform the other regions. Although down 6.9%, the region fared much better than Europe and the U.S. The strong relative performance can, for the most part, be attributed to Hong Kong, which posted a 10.4% gain. For the year, Asia returned a robust 14.8%.
- Europe experienced another weak quarter, essentially matching the 12.7% loss of the U.S. market. While all major markets posted losses for the quarter, there was some positive news as Belgium (3.6%), Norway (2.2%), and Poland (1.0%) all posted gains for the last quarter. Worst performing countries included Spain (-32.5%), Denmark (-25.1%), and Italy (-21.5%). For 2007, Europe has been, by far, the worst performing region, losing 24.5%.

Market Overview – Private Real Estate*:

- Private real estate, as measured by the NCREIF Property Index (NPI), returned a positive 3.6% for the third quarter of 2007. This result represented 1.3% income and 2.3% capital appreciation.
- The NFI-ODCE Index, an index comprised of 14 open-end diversified core equity funds, returned 4.0% on a gross basis and 3.7% net. The third quarter return was comprised of 2.8% capital appreciation and 1.2% income.

Market Drivers:

- Fundamentals have weakened somewhat, and investors are concerned about the impact of a slowing economy on tenant demand. Limited new supply, however, should lessen the overall impact of a drop in real estate demand. The credit crisis has led to higher borrowing costs and tighter lending standards, one result of which will be the departure of leveraged buyers from the market. The general consensus is that private real estate values have peaked. Transaction activity has slowed considerably as buyers and sellers have adopted a 'wait and see' approach.

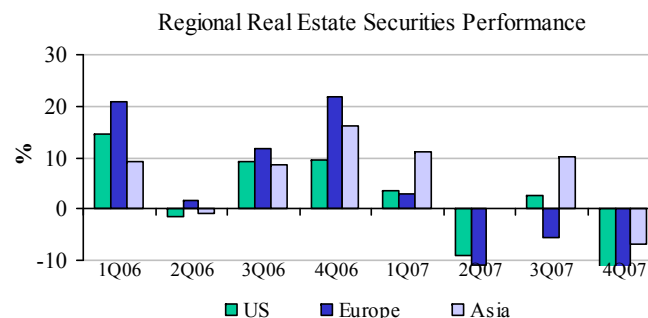
Performance Highlights:

- The Eastern and Western regions essentially matched for the third quarter with a 4.0% gain. The remaining regions underperformed the index. The Midwest returned 3.1% while the South fared marginally worse with a 3.0% gain.
- In terms of property sector performance, office properties continued to outperform the other property sectors, returning 4.8% for the quarter. Hotels, the smallest sector in the index at just under 2.5%, also fared well with a 4.4% gain. The three remaining sectors all underperformed the index for the quarter with industrial properties returning 3.2%, apartments gaining 2.9%, and retail posting a more modest 2.4%.

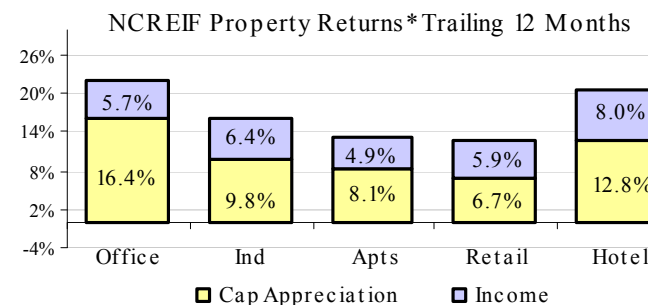
*Private real estate performance is as of 9/30/07 due to the lagged nature of private market data.

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Public Real Estate Index Returns		
Index	4Q07	2007
NAREIT Comp Index	-12.1%	-17.8%
NAREIT Equity Index	-12.7%	-15.7%
DJ Wilshire RESI	-13.7%	-17.7%
Morgan Stanley REIT Index	-13.2%	-16.8%



Private Real Estate Index Returns		
Index	Trailing LTM	3Q07
NCREIF	17.3%	3.6%
Income	5.7%	1.3%
Appreciation	11.1%	2.3%
Market Value	\$292,091.0M	N/A
Properties	5,585	N/A



Total Fund

Asset Allocation And Performance
Beaver County Employees' Retirement Fund
As of December 31, 2007

	Allocation		Performance %							
	Market Values (\$)	%	1 Quarter	2007	1 Year	2 Years	3 Years	5 Years	Since Inception	Inception Date
Total Fund	190,782,888	100.00	-1.56	4.70	4.70	9.08	7.78	9.60	5.43	10/01/1999
<i>Target Policy Index</i>			-0.83	6.58	6.58	9.27	7.64	10.13	5.44	10/01/1999
Total International Equity	10,849,935	5.69	-2.93	7.65	7.65	N/A	N/A	N/A	16.13	02/01/2006
Boston Company	10,849,935	5.69	-2.93	7.67	7.67	N/A	N/A	N/A	16.14	02/01/2006
<i>MSCI EAFE (net)</i>			-1.75	11.17	11.17	18.51	16.83	21.59	15.74	02/01/2006
Total Real Estate	5,154,133	2.70	1.19	N/A	N/A	N/A	N/A	N/A	2.50	04/01/2007
ERECT Funds	5,154,142	2.70	1.19	N/A	N/A	N/A	N/A	N/A	2.59	04/01/2007
<i>NCREIF Property Index</i>			3.21	15.85	15.85	16.22	17.49	15.14	11.80	04/01/2007
Balanced Managers										
C.S. McKee	80,637,680	42.27	-1.93	5.62	5.62	9.13	9.27	12.32	8.88	10/01/1999
<i>60% R3000 / 40% LB Agg.</i>			-0.80	6.02	6.02	8.52	7.24	9.99	5.40	10/01/1999
CIM Investment Management	94,136,238	49.34	-0.96	3.88	3.88	8.82	6.98	9.70	5.11	10/01/1999
<i>53% S&P 500 / 7% S&P 600 / 40% LBGC</i>			-0.98	5.93	5.93	8.37	6.96	9.77	5.44	10/01/1999
MDL Capital Management	4,892	0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10/01/1999

Returns are gross of fees.
Segment data excludes cash position(s) and is gross of fees.
Returns are expressed as percentages.



Comparative Performance - Balanced Managers
Beaver County Employees' Retirement Fund
As of December 31, 2007

	1 Quarter	2007	1 Year	2 Years	3 Years	5 Years	Since Inception	Inception Date
Total Fund								
C.S. McKee	-1.93	5.62	5.62	9.13	9.27	12.32	8.88	10/01/1999
60% R3000 / 40% LB Agg.	-0.80	6.02	6.02	8.52	7.24	9.99	5.40	10/01/1999
CIM Investment Management	-0.96	3.88	3.88	8.82	6.98	9.70	5.11	10/01/1999
53% S&P 500 / 7% S&P 600 / 40% LBGC	-0.98	5.93	5.93	8.37	6.96	9.77	5.44	10/01/1999
Domestic Equity								
C.S. McKee	-5.24	3.84	3.84	9.74	10.49	16.18	9.81	10/01/1999
Russell 3000/Russell 3000 Value/Russell 1000 blended index	-3.34	5.14	5.14	10.30	8.89	13.64	6.65	10/01/1999
CIM Investment Management	-3.81	1.61	1.61	9.97	7.87	11.79	3.05	10/01/1999
92% S&P 500/ 8% S&P 600	-3.58	5.03	5.03	10.27	8.54	13.11	3.46	10/01/1999
Fixed Income								
C.S. McKee	3.65	7.37	7.37	5.90	5.17	5.28	6.69	10/01/1999
LB Aggregate Index	3.00	6.97	6.97	5.64	4.56	4.43	6.30	10/01/1999
CIM Investment Management	2.86	6.60	6.60	5.17	4.22	3.97	5.80	10/01/1999
LBGC Bond Index	3.10	7.23	7.23	5.49	4.43	4.44	6.39	10/01/1999

Returns are gross of fees.
Segment data excludes cash position(s) and is gross of fees.
Returns are expressed as percentages.



**Summary Financial Reconciliation
Beaver County Employees' Retirement Fund
As of December 31, 2007**

Quarter

	Market Value As of 9/30/2007	Net Flows	Capital Apprec./ Deprec.	Market Value As of 12/31/2007
Total Fund	194,954,795	321,733	(4,493,640)	190,782,888

YTD

	Market Value As of 12/31/2006	Net Flows	Capital Apprec./ Deprec.	Market Value As of 12/31/2007
Total Fund	184,068,631	3,630,889	3,083,368	190,782,888

1 Year

	Market Value As of 12/31/2006	Net Flows	Capital Apprec./ Deprec.	Market Value As of 12/31/2007
Total Fund	184,068,631	3,630,889	3,083,368	190,782,888

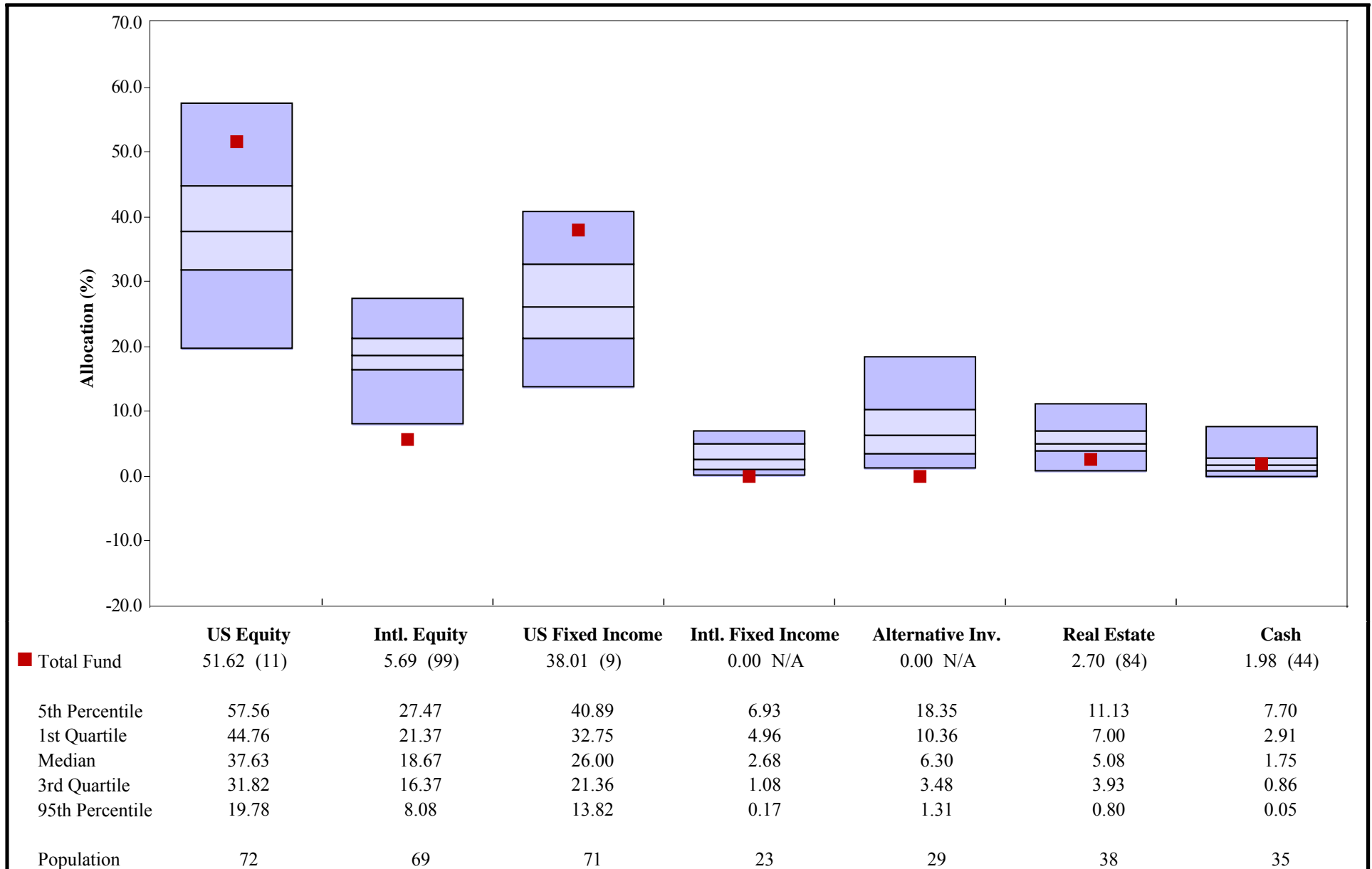
Asset Allocation Targets
Beaver County Employees' Retirement Fund
As of December 31, 2007

Asset Class	Current Weight	Target	Minimum	Maximum	Within Range?
Domestic Equity	51.6%	51%	41%	- 61%	Yes
International Equity	5.7%	8%	3%	- 13%	Yes
Real Estate	2.7%	6%	0%	- 8%	Yes
Fixed Income	38.0%	35%	25%	- 45%	Yes
Cash Equivalent	2.0%	0%	0%	- 10%	Yes

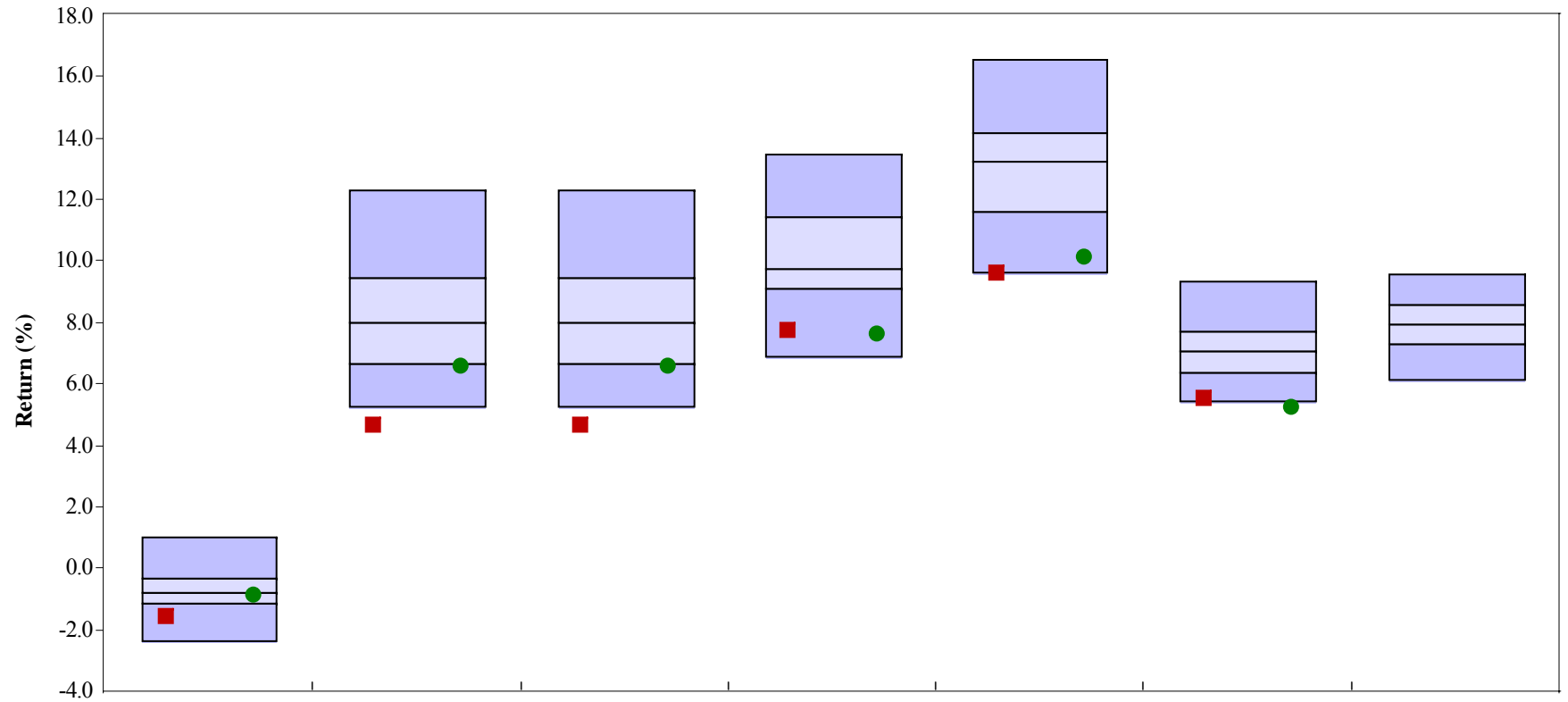
Investment Policy Compliance Summary
Beaver County Employees' Retirement Fund
As of December 31, 2007

Policies	Description	In Compliance?	Observation/Recommendation
General Fund Guidelines	Individual equity issues not to exceed 5% at market.	Yes	No action needed at this time.
	Overall rating of the fixed income assets are "A" or better.	Yes	No action needed at this time.
	Prohibited transactions must be avoided.	Yes	No action needed at this time.
Asset Allocation	No prohibited asset classes.	Yes	No action needed at this time.
	Total fund is within specified asset ranges.	Yes	No action needed at this time. Consider further diversification of the portfolio through the use of private real estate investments. Continue to monitor US Asset Management (Muhlenkamp and Co.) All Cap Core portfolio.
Overall Fund Performance	Fund performance verses the blended benchmark for the quarter.	No	Overall portfolio return lagged the blended index for the quarterly period ending 12/31/07.
	Fund performance verses the blended benchmark for the one-year period.	No	Overall portfolio return lagged the blended index for the one-year period ending 12/31/07.
	Total portfolio performance should outperform CPI by 6.5% for rolling five-year periods.	No	Total portfolio return lagged CPI+ objective for the latest five-year period.
Money Managers	Money managers adhered to established investment guidelines and objectives. Money managers on watch list. Money managers on probation. Money managers recommended for termination.	Yes	No action needed at this time. None. No action needed at this time. None. No action needed at this time. Boston Company International Equity portfolio should be terminated. (Personnel, Since 2Q07).

Asset Allocation Analysis
All Public Plans-Total Fund
Beaver County Employees' Retirement Fund
As of December 31, 2007



Peer Group Analysis
All Public Plans-Total Fund
Beaver County Employees' Retirement Fund
As of December 31, 2007

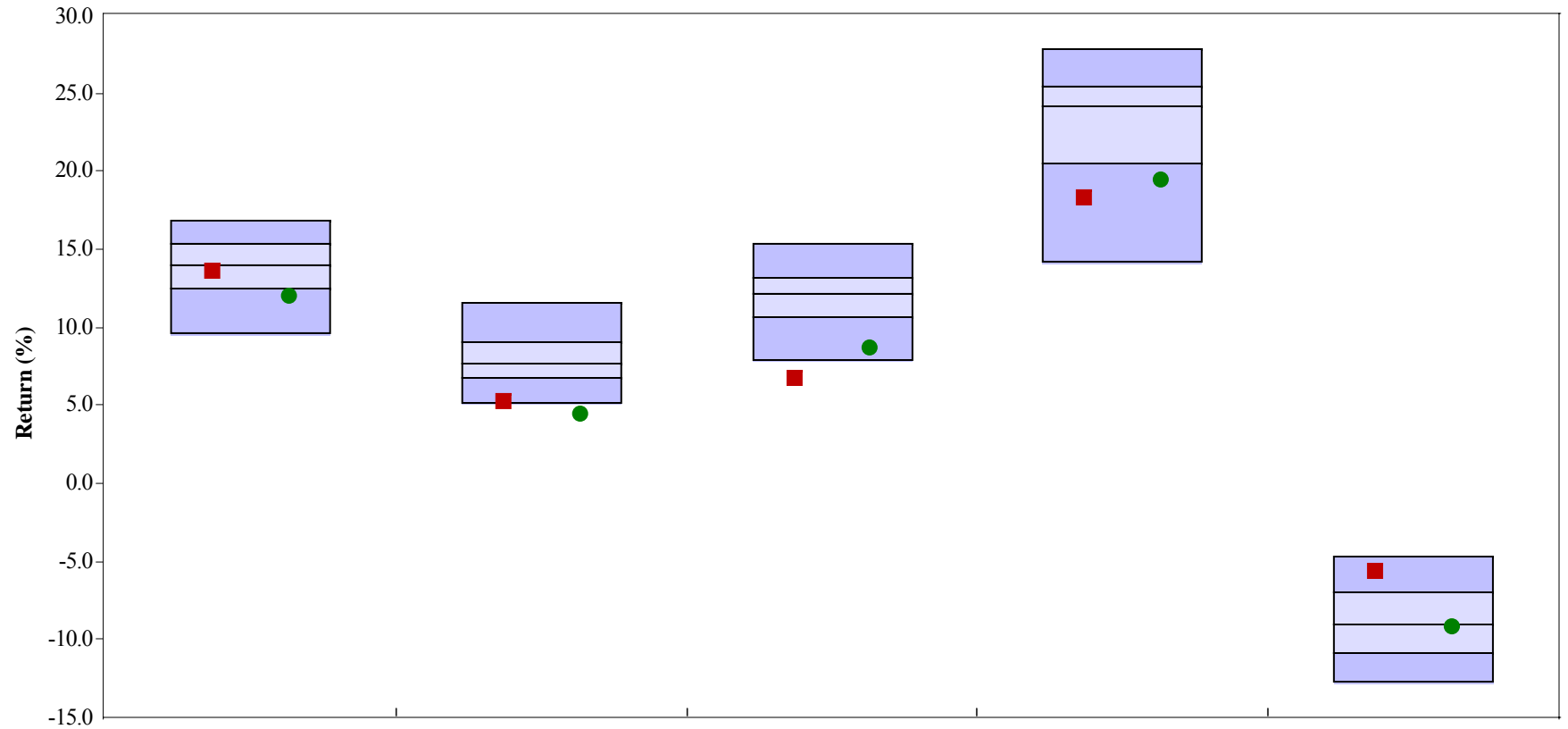


	1 Quarter	2007	1 Year	3 Years	5 Years	7 Years	10 Years
■ Total Fund	-1.56 (88)	4.70 (100)	4.70 (100)	7.78 (93)	9.60 (96)	5.54 (91)	N/A
● Target Policy Index	-0.83 (51)	6.58 (76)	6.58 (76)	7.64 (93)	10.13 (92)	5.25 (96)	N/A
5th Percentile	1.00	12.32	12.32	13.46	16.54	9.33	9.55
1st Quartile	-0.30	9.42	9.42	11.40	14.17	7.67	8.56
Median	-0.83	8.02	8.02	9.72	13.22	7.07	7.92
3rd Quartile	-1.17	6.62	6.62	9.11	11.60	6.38	7.32
95th Percentile	-2.36	5.28	5.28	6.86	9.61	5.45	6.11
Population	78	73	73	67	64	61	46

Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on quarterly periodicity.
Returns are gross of fees.



Peer Group Analysis
All Public Plans-Total Fund
Beaver County Employees' Retirement Fund
As of December 31, 2007

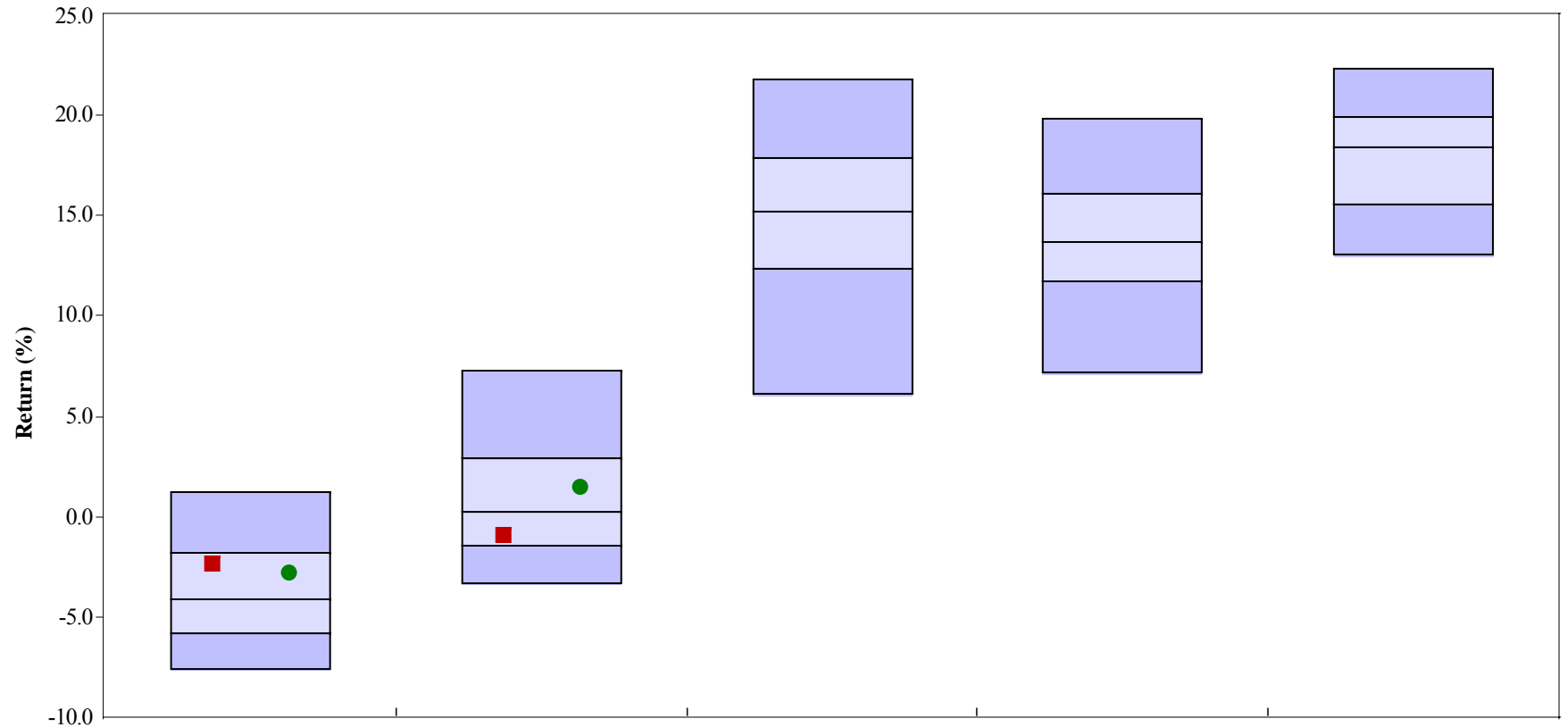


	2006	2005	2004	2003	2002
■ Total Fund	13.64 (61)	5.22 (93)	6.80 (97)	18.30 (90)	-5.61 (16)
● Target Policy Index	12.03 (82)	4.44 (97)	8.74 (92)	19.46 (83)	-9.11 (52)
5th Percentile	16.84	11.60	15.36	27.81	-4.74
1st Quartile	15.38	9.03	13.12	25.45	-6.93
Median	14.02	7.70	12.11	24.12	-9.01
3rd Quartile	12.46	6.76	10.68	20.48	-10.89
95th Percentile	9.62	5.11	7.96	14.25	-12.75
Population	70	67	67	69	67

Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on monthly periodicity.
Returns are gross of fees.



Peer Group Analysis
All Public Plans-Total Fund
Beaver County Employees' Retirement Fund
As of December 31, 2007



	2001	2000	1999	1998	1997
■ Total Fund	-2.31 (33)	-0.90 (68)	N/A	N/A	N/A
● Target Policy Index	-2.80 (37)	1.45 (43)	N/A	N/A	N/A
5th Percentile	1.25	7.30	21.76	19.87	22.34
1st Quartile	-1.83	2.88	17.87	16.10	19.92
Median	-4.14	0.26	15.16	13.72	18.38
3rd Quartile	-5.83	-1.47	12.40	11.72	15.59
95th Percentile	-7.56	-3.30	6.14	7.20	13.09
Population	65	59	53	48	45

Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on monthly periodicity.
Returns are gross of fees.



Financial Reconciliation
1 Quarter Ending December 31, 2007

	Market Value As of 9/30/2007	Contributions	Distributions	Fees	Return On Investment	Market Value As of 12/31/2007
Total Fund	194,954,795	31,403,591	(32,391,094)	(165,836)	(3,018,567)	190,782,888
C.S. McKee	66,868,992	16,173,063	(979,673)	(51,839)	(1,372,862)	80,637,680
MDL Capital Management	30,967,757	87,674	(30,315,442)	(38,528)	(696,569)	4,892
CIM Investment Management	80,847,288	15,127,911	(1,095,980)	(60,527)	(682,454)	94,136,238
Boston Company	11,177,050	14,943	-	(14,943)	(327,115)	10,849,935
ERECT Funds	5,093,708	-	-	-	60,434	5,154,142

Fees for mutual funds and commingled vehicles are calculated based on the fund's expense ratio.



Financial Reconciliation
Year To Date Ending December 31, 2007

	Market Value As of 12/31/2006	Contributions	Distributions	Fees	Return On Investment	Market Value As of 12/31/2007
Total Fund	184,068,631	41,654,928	(42,970,612)	(670,259)	8,700,200	190,782,888
C.S. McKee	64,228,935	18,163,293	(4,895,922)	(203,200)	3,344,574	80,637,680
MDL Capital Management	30,030,516	1,064,172	(32,262,881)	(151,397)	1,324,482	4,892
CIM Investment Management	79,730,691	17,351,735	(5,811,810)	(239,933)	3,105,555	94,136,238
Boston Company	10,078,488	75,730	-	(75,730)	771,447	10,849,935
ERECT Funds	-	5,000,000	-	-	154,142	5,154,142

Fees for mutual funds and commingled vehicles are calculated based on the fund's expense ratio.



Financial Reconciliation
1 Year Ending December 31, 2007

	Market Value As of 12/31/2006	Contributions	Distributions	Fees	Return On Investment	Market Value As of 12/31/2007
Total Fund	184,068,631	41,654,928	(42,970,612)	(670,259)	8,700,200	190,782,888
C.S. McKee	64,228,935	18,163,293	(4,895,922)	(203,200)	3,344,574	80,637,680
MDL Capital Management	30,030,516	1,064,172	(32,262,881)	(151,397)	1,324,482	4,892
CIM Investment Management	79,730,691	17,351,735	(5,811,810)	(239,933)	3,105,555	94,136,238
Boston Company	10,078,488	75,730	-	(75,730)	771,447	10,849,935
ERECT Funds	-	5,000,000	-	-	154,142	5,154,142

Fees for mutual funds and commingled vehicles are calculated based on the fund's expense ratio.



Historical Hybrid Composition
Target Policy Index
Beaver County Employees' Retirement Fund
As of December 31, 2007

Passive Portfolios	Weight (%)
Effective Date: Sep-1999	
Russell 1000 Value Index	13.0
S&P 500 Index	42.0
LBGC Bond Index	45.0
Effective Date: Jan-2000	
Russell 1000 Value Index	13.0
S&P 500 Index	42.0
LBGC Bond Index	34.0
LB Aggregate Index	11.0
Effective Date: Apr-2000	
Russell 1000 Value Index	14.0
S&P 500 Index	46.0
LBGC Bond Index	31.0
LB Aggregate Index	9.0
Effective Date: Jan-2002	
Russell 1000 Value Index	15.0
S&P 500 Index	35.0
Russell 1000 Growth Index	10.0
LBGC Bond Index	30.0
LB Aggregate Index	10.0
Effective Date: Sep-2002	
Russell 3000 Value Index	15.0
Russell 3000 Growth Index	10.0
S&P 500 Index	32.0
S&P SmallCap 600 Index	3.0
LBGC Bond Index	30.0
LB Aggregate Index	10.0
Effective Date: Dec-2003	
Russell 3000 Index	25.0
S&P 500 Index	32.0

Passive Portfolios	Weight (%)
Effective Date: Dec-2003	
S&P SmallCap 600 Index	3.0
LBGC Bond Index	30.0
LB Aggregate Index	10.0
Effective Date: Mar-2004	
Russell 3000 Index	25.0
S&P 500 Index	32.0
S&P SmallCap 600 Index	3.0
LBGC Bond Index	10.0
LB Government Index	20.0
LB Aggregate Index	10.0
Effective Date: Mar-2006	
Russell 3000 Index	20.5
Russell 1000 Value Index	8.0
S&P 500 Index	22.5
S&P SmallCap 600 Index	3.0
MSCI EAFE (net)	8.0
LBGC Bond Index	16.5
LB Government Index	8.0
LB Aggregate Index	13.5
Effective Date: Sep-2006	
Russell 3000 Index	20.5
Russell 1000 Value Index	8.0
S&P 500 Index	22.5
S&P SmallCap 600 Index	3.0
MSCI EAFE (net)	8.0
LBGC Bond Index	16.5
LB Aggregate Index	21.5
Effective Date: Mar-2007	
Russell 3000 Index	19.5
Russell 1000 Value Index	7.5

**Historical Hybrid Composition
Target Policy Index
Beaver County Employees' Retirement Fund
As of December 31, 2007**

Passive Portfolios	Weight (%)
Effective Date: Mar-2007	
S&P 500 Index	22.0
S&P SmallCap 600 Index	2.0
MSCI EAFE (net)	8.0
NCREIF Property Index	6.0
LBGC Bond Index	15.5
LB Aggregate Index	19.5

Domestic Equity

Portfolio Characteristics
Total Domestic Equity vs. Russell 3000 Index
Beaver County Employees' Retirement Fund
As of December 31, 2007

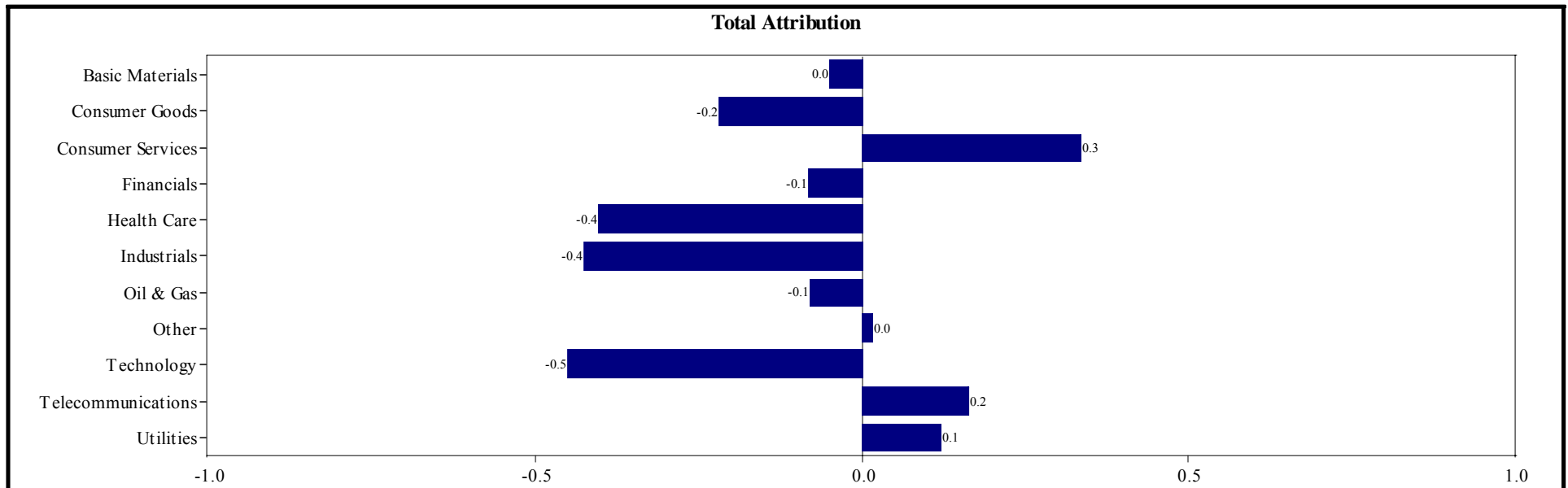
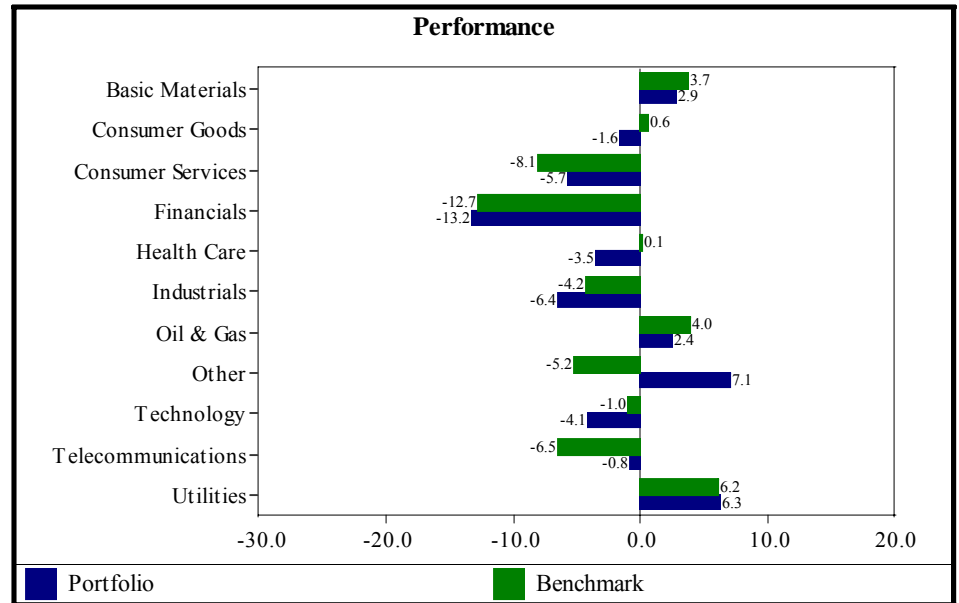
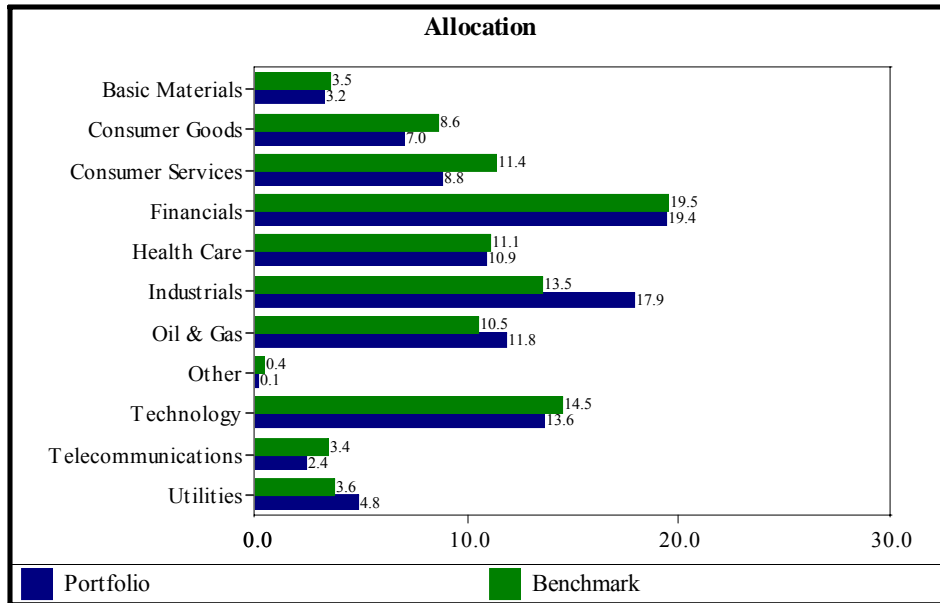
Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$MM)	80,584	89,656
Median Mkt. Cap. (\$MM)	4,010	1,107
Price/Earnings ratio	15.73	17.23
Price/Book ratio	2.60	2.88
5 Yr. EPS Growth Rate (%)	20.55	22.98
Current Yield (%)	2.48	2.33
Beta	-	1.00
Number of Stocks	287	2923

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
CHEVRONTXACO CORPORATION	2.86	1.26	1.61	0.39
CONOCOPHILLIPS	2.85	0.90	1.95	1.09
INTEL CORPORATION	2.61	0.97	1.64	3.54
MARATHON OIL CORPORATION	2.30	0.27	2.02	7.19
CISCO SYSTEMS INCORPORATED	2.10	1.03	1.07	-18.29
AT&T INC.	2.04	1.60	0.44	-0.94
WAL-MART STORES, INC.	1.95	0.72	1.23	9.39
PUBLIC SVC ENTRPR GR	1.88	0.16	1.73	12.31
GENERAL ELECTRIC COMPANY	1.86	2.39	-0.53	-10.46
JPMORGAN CHASE & CO.	1.79	0.93	0.86	-3.97
% of Portfolio	22.24	10.23		

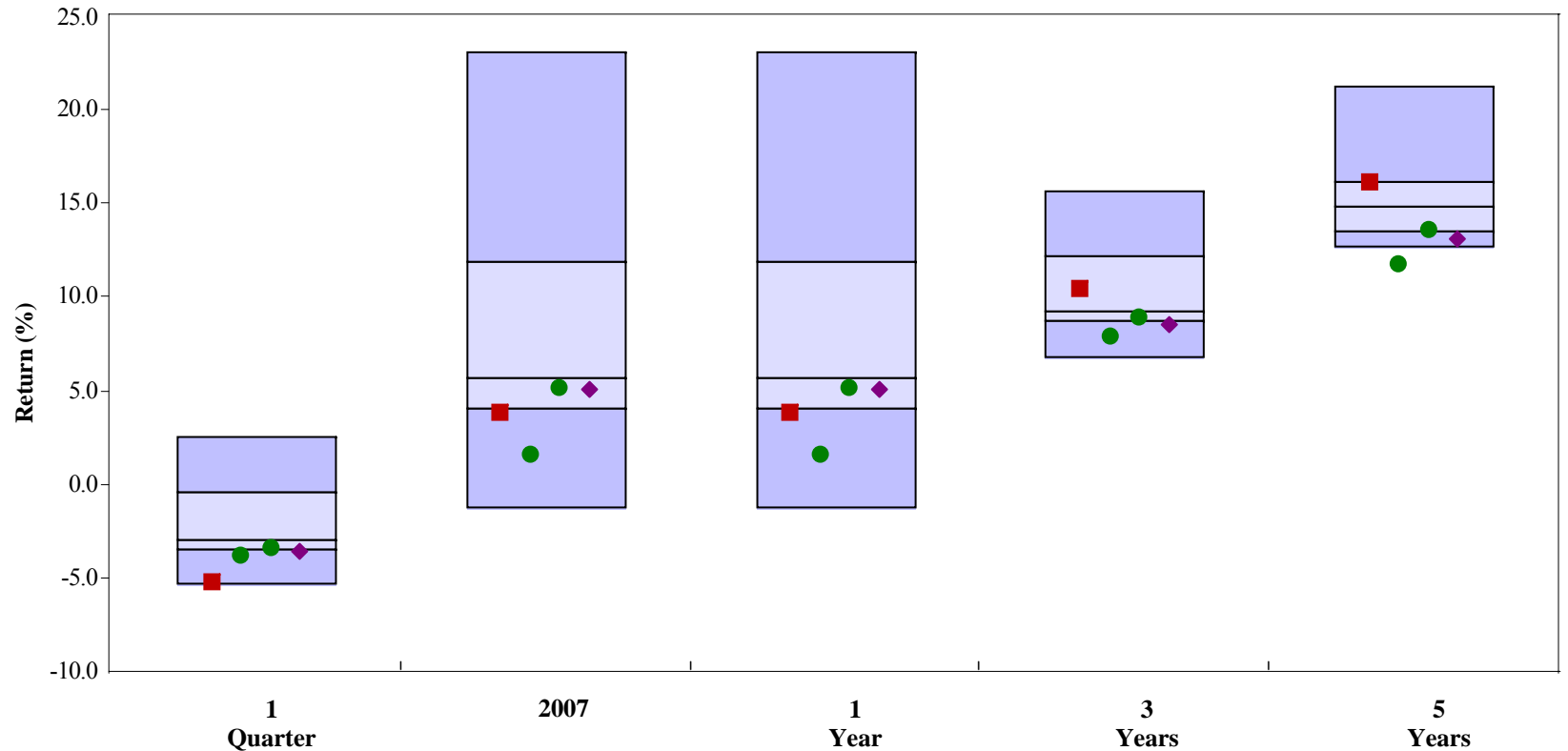
Ten Best Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
RESPIRONICS INCORPORATED	0.26	0.03	0.23	36.33
ATWOOD OCEANICS, INC.	0.19	0.02	0.18	30.93
APPLE COMPUTER, INC.	0.60	1.07	-0.47	29.07
TRANSOCEAN INC.	0.56	0.28	0.28	26.63
LENNOX INTERNATIONAL	0.08	0.01	0.06	22.96
GOOGLE INC.	0.54	0.99	-0.46	21.90
MICROSOFT CORPORATION	1.02	1.83	-0.81	21.24
NAVIGATORS GROUP INC	0.14	0.01	0.14	19.82
FOREST OIL CORPORATION	0.14	0.03	0.11	18.12
CHARLES RIVER LAB	0.14	0.03	0.11	17.19
% of Portfolio	3.67	4.30		

Ten Worst Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
MBIA INC.	0.09	0.02	0.07	-69.48
WASHINGTON MUTUAL, INC.	0.50	0.08	0.43	-60.68
CITADEL BROADCASTING	0.00	0.00	0.00	-50.48
MEN'S WEARHOUSE INC	0.04	0.01	0.03	-46.60
FINISH LINE, INC. (THE)	0.01	0.00	0.01	-44.24
LIZ CLAIBORNE INC	0.15	0.01	0.14	-40.59
EXAR CORPORATION	0.04	0.00	0.04	-38.97
YRC WORLDWIDE INC.	0.27	0.01	0.26	-37.45
STERLING FINANCIAL	0.03	0.01	0.02	-37.25
CITIGROUP INC.	0.44	0.91	-0.47	-35.90
% of Portfolio	1.57	1.05		

**Buy and Hold Sector Attribution Graph
Total Domestic Equity vs. Russell 3000 Index
Beaver County Employees' Retirement Fund
1 Quarter Ending December 31, 2007**



Peer Group Analysis
US All Cap Core Equity (SA+CF)
Beaver County Employees' Retirement Fund
As of December 31, 2007

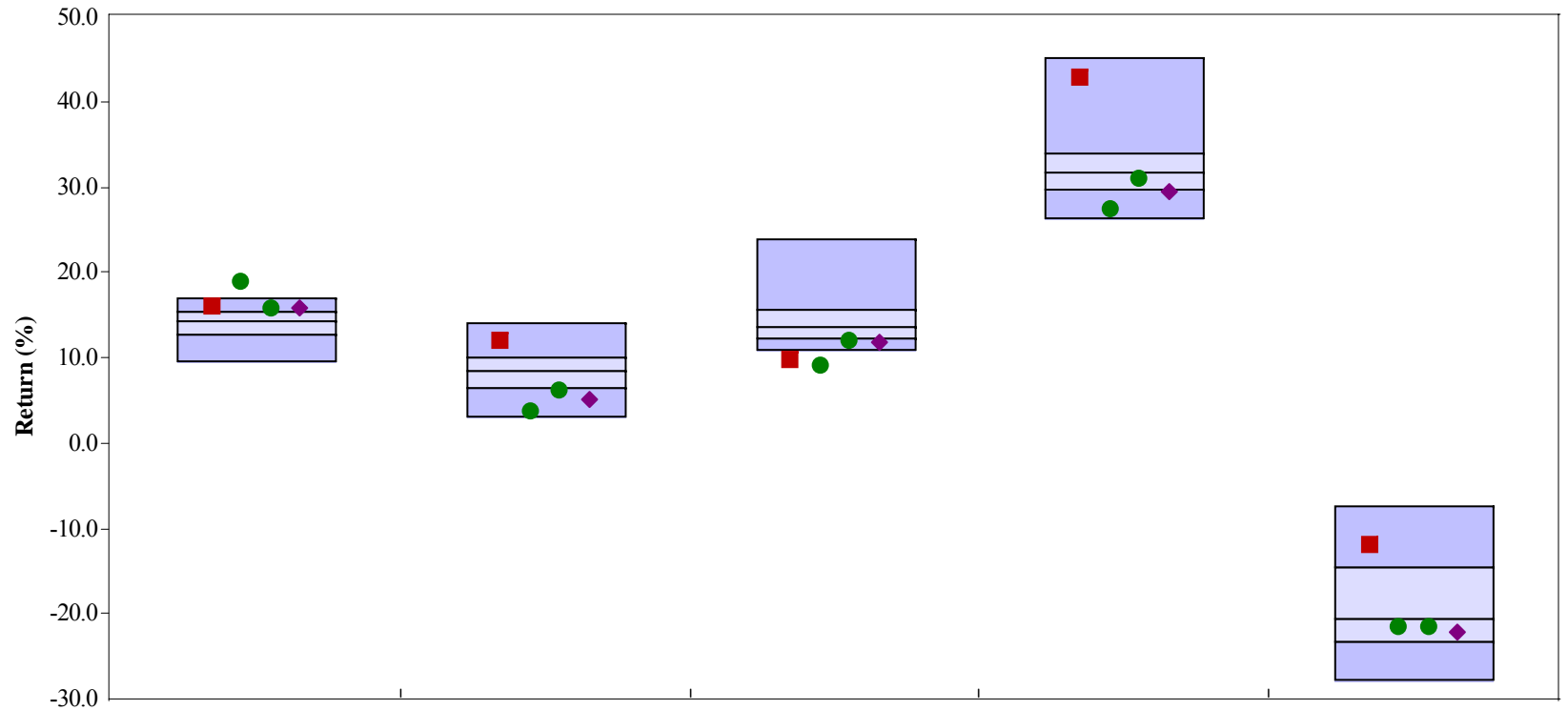


■ C.S. McKee	-5.24 (95)	3.84 (77)	3.84 (77)	10.49 (38)	16.18 (27)
● CIM Investment Management	-3.81 (81)	1.61 (85)	1.61 (85)	7.87 (84)	11.79 (100)
● Russell 3000 Index	-3.34 (65)	5.14 (64)	5.14 (64)	8.89 (67)	13.63 (71)
◆ 92% S&P 500/ 8% S&P 600	-3.58 (77)	5.03 (65)	5.03 (65)	8.54 (81)	13.11 (93)
5th Percentile	2.49	23.10	23.10	15.66	21.26
1st Quartile	-0.39	11.85	11.85	12.19	16.20
Median	-2.98	5.70	5.70	9.23	14.85
3rd Quartile	-3.49	4.03	4.03	8.76	13.51
95th Percentile	-5.37	-1.25	-1.25	6.83	12.64
Population	32	32	32	32	29

Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on quarterly periodicity.
Returns are domestic equity.



Peer Group Analysis
US All Cap Core Equity (SA+CF)
Beaver County Employees' Retirement Fund
As of December 31, 2007



■ C.S. McKee	15.98 (15)	11.99 (17)	9.81 (99)	42.92 (9)	-11.93 (15)
● CIM Investment Management	19.01 (1)	3.80 (93)	9.13 (100)	27.44 (89)	-21.44 (65)
● Russell 3000 Index	15.72 (20)	6.12 (84)	11.95 (83)	31.06 (61)	-21.54 (66)
◆ 92% S&P 500/ 8% S&P 600	15.77 (19)	5.15 (90)	11.81 (84)	29.50 (78)	-22.21 (67)
5th Percentile	17.00	13.94	23.75	45.14	-7.51
1st Quartile	15.42	9.94	15.62	33.92	-14.55
Median	14.30	8.33	13.54	31.58	-20.55
3rd Quartile	12.77	6.46	12.21	29.64	-23.23
95th Percentile	9.66	3.10	10.88	26.38	-27.87
Population	34	37	35	36	35

Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on quarterly periodicity.
Returns are domestic equity.



Portfolio Characteristics
C.S. McKee vs. Russell 3000 Index
Beaver County Employees' Retirement Fund
As of December 31, 2007

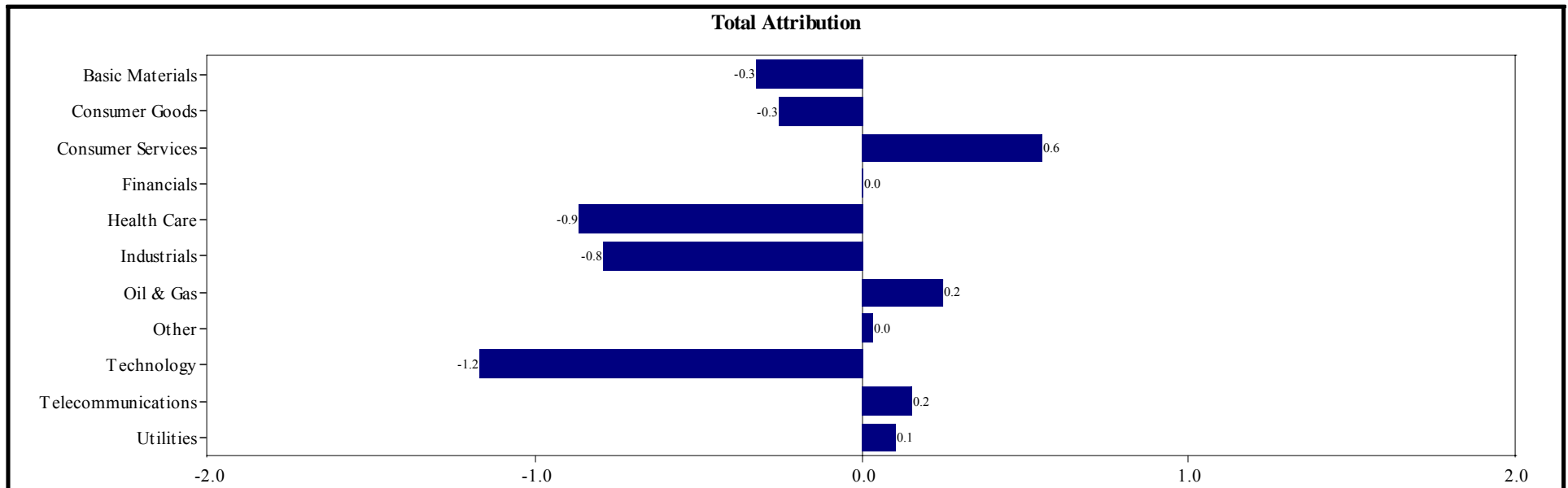
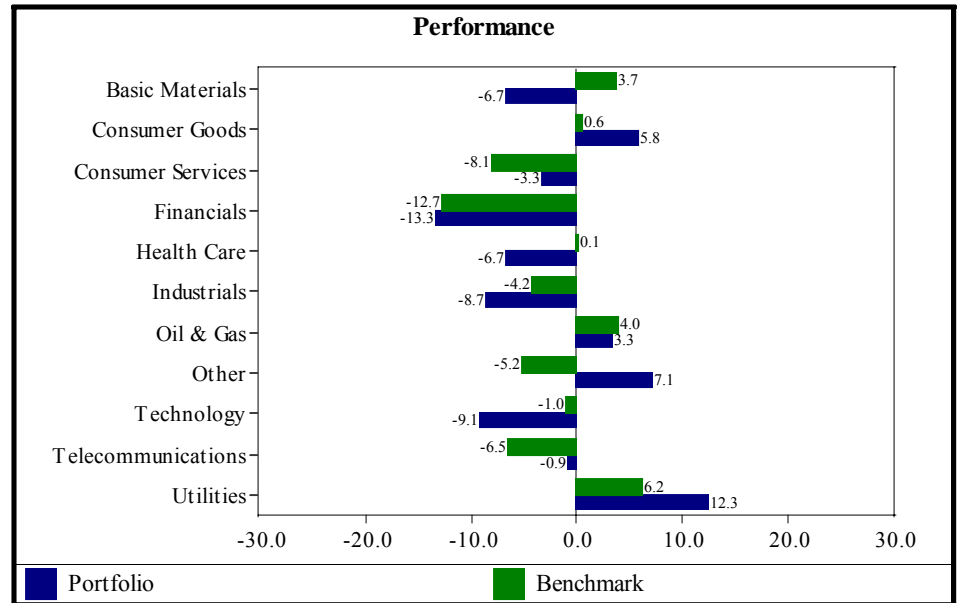
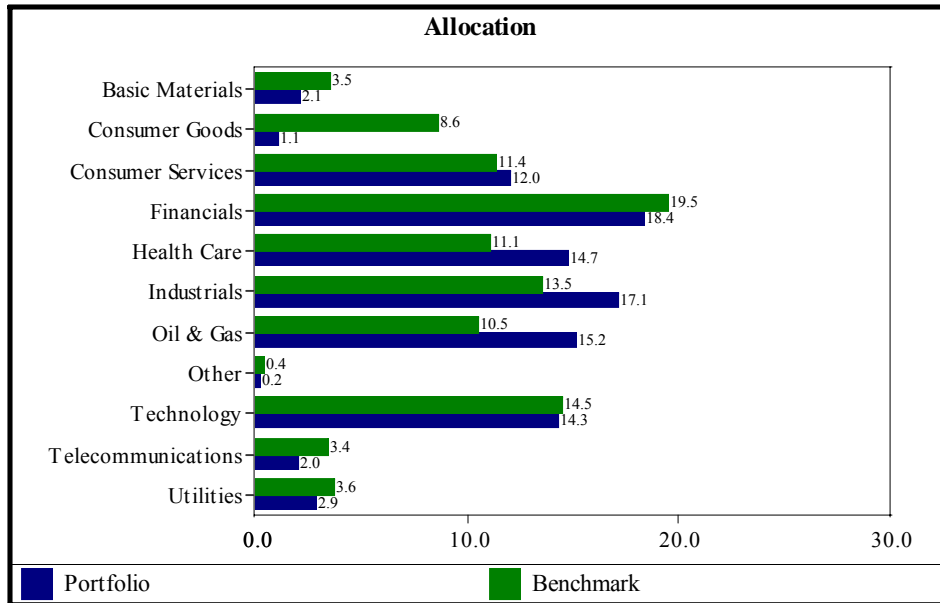
Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$MM)	72,694	89,656
Median Mkt. Cap. (\$MM)	6,383	1,107
Price/Earnings ratio	15.18	17.23
Price/Book ratio	2.54	2.88
5 Yr. EPS Growth Rate (%)	21.68	22.98
Current Yield (%)	2.53	2.33
Beta (5 yrs, monthly periodicity)	0.99	1.00
Number of Stocks	95	2923

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
MARATHON OIL CORPORATION	4.36	0.27	4.09	7.19
CONOCOPHILLIPS	4.32	0.90	3.42	1.09
CHEVRONTXACO CORPORATION	4.22	1.26	2.96	0.39
INTEL CORPORATION	3.68	0.97	2.72	3.54
PUBLIC SVC ENTRPR GR	3.58	0.16	3.42	12.31
WAL-MART STORES, INC.	3.04	0.72	2.32	9.39
CISCO SYSTEMS INCORPORATED	2.85	1.03	1.82	-18.29
AT&T INC.	2.46	1.60	0.86	-0.94
JPMORGAN CHASE & CO.	2.38	0.93	1.45	-3.97
HONEYWELL INTERNATNL	2.22	0.30	1.92	3.99
% of Portfolio	33.11	8.14		

Ten Best Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
RESPIRONICS INCORPORATED	0.29	0.03	0.26	36.33
ATWOOD OCEANICS, INC.	0.37	0.02	0.35	30.93
TRANSOCEAN INC.	1.06	0.28	0.79	26.63
NAVIGATORS GROUP INC	0.28	0.01	0.27	19.82
FOREST OIL CORPORATION	0.26	0.03	0.24	18.12
CHARLES RIVER LAB	0.27	0.03	0.24	17.19
PAREXEL INT'L CORP	0.35	0.01	0.35	17.03
UNITED NATURAL FOODS, INC.	0.27	0.01	0.26	16.53
GAP, INC (THE)	0.68	0.08	0.60	15.89
BEST BUY CO., INC.	1.42	0.11	1.31	14.71
% of Portfolio	5.25	0.61		

Ten Worst Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
WASHINGTON MUTUAL, INC.	0.95	0.08	0.88	-60.68
CITADEL BROADCASTING	0.00	0.00	0.00	-50.48
YRC WORLDWIDE INC.	0.50	0.01	0.50	-37.45
UNITED COMMUNITY BANKS, INC.	0.10	0.00	0.10	-35.20
CANDELA CORPORATION	0.07	0.00	0.07	-34.28
NCI BUILDING SYSTEMS, INC	0.18	0.00	0.18	-33.37
PRESTIGE BRANDS HLDG	0.17	0.00	0.17	-31.88
LCA-VISION INC.	0.10	0.00	0.09	-31.44
ENTERCOM COMM	0.13	0.00	0.12	-27.53
COOPER COMPANIES INC	0.53	0.01	0.52	-27.45
% of Portfolio	2.73	0.10		

**Buy and Hold Sector Attribution Graph
C.S. McKee vs. Russell 3000 Index
Beaver County Employees' Retirement Fund
1 Quarter Ending December 31, 2007**



Portfolio Characteristics
CIM Investment Management vs. S&P 500
Beaver County Employees' Retirement Fund
As of December 31, 2007

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$MM)	89,341	108,887
Median Mkt. Cap. (\$MM)	4,225	12,822
Price/Earnings ratio	16.35	16.96
Price/Book ratio	2.67	2.92
5 Yr. EPS Growth Rate (%)	19.34	23.88
Current Yield (%)	2.43	2.29
Beta (5 yrs, monthly periodicity)	1.00	1.00
Number of Stocks	219	500

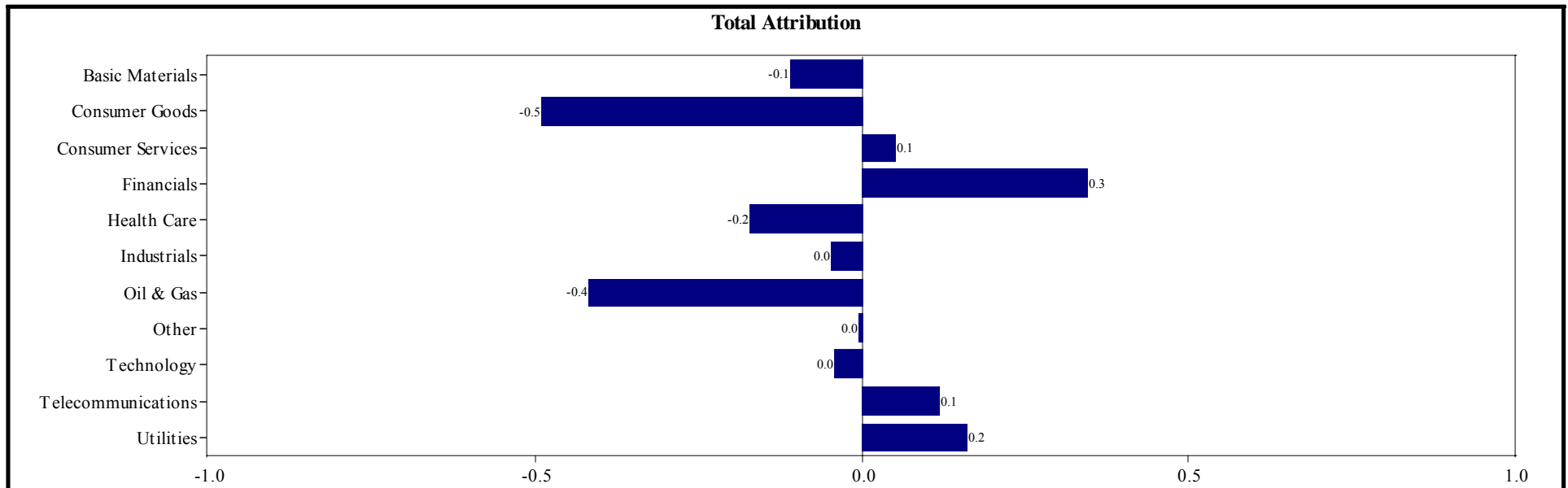
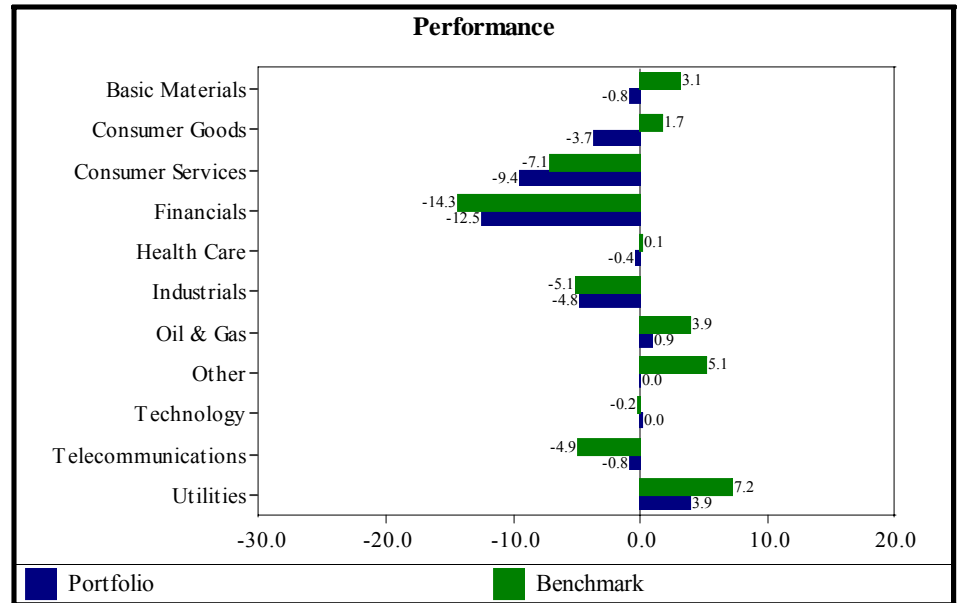
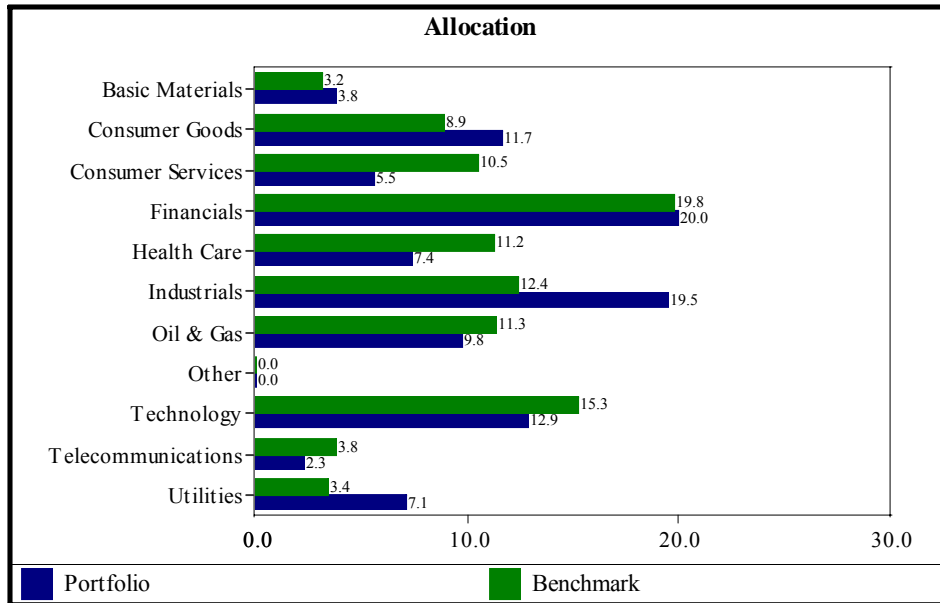
Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
EXXON MOBIL CORPORATION	3.64	3.98	-0.34	1.62
MICROSOFT CORPORATION	2.15	2.23	-0.08	21.24
GENERAL ELECTRIC COMPANY	1.96	2.91	-0.95	-10.46
AT&T INC.	1.58	1.96	-0.38	-0.94
INTEL CORPORATION	1.42	1.21	0.21	3.54
PROCTER & GAMBLE CO (THE)	1.41	1.77	-0.37	4.90
CHEVRONTXACO CORPORATION	1.36	1.53	-0.17	0.39
ALTRIA GROUP, INC.	1.32	1.24	0.09	9.78
TORCHMARK CORPORATION	1.30	0.04	1.25	-2.68
APPLE COMPUTER, INC.	1.27	1.35	-0.08	29.07
% of Portfolio	17.41	18.22		

Ten Best Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
RESPIRONICS INCORPORATED	0.22	0.00	0.22	36.33
APPLE COMPUTER, INC.	1.27	1.35	-0.08	29.07
LENNOX INTERNATIONAL	0.16	0.00	0.16	22.96
GOOGLE INC.	1.13	1.24	-0.11	21.90
MICROSOFT CORPORATION	2.15	2.23	-0.08	21.24
CARPENTER TECHNOLOGY	0.18	0.00	0.18	15.88
TEXTRON INC.	0.73	0.14	0.60	14.98
CABOT OIL & GAS CORPORATION	0.20	0.00	0.20	14.92
CIMAREX ENERGY CO	0.14	0.00	0.14	14.29
NOBLE ENERGY, INC.	0.85	0.11	0.75	13.72
% of Portfolio	7.03	5.07		

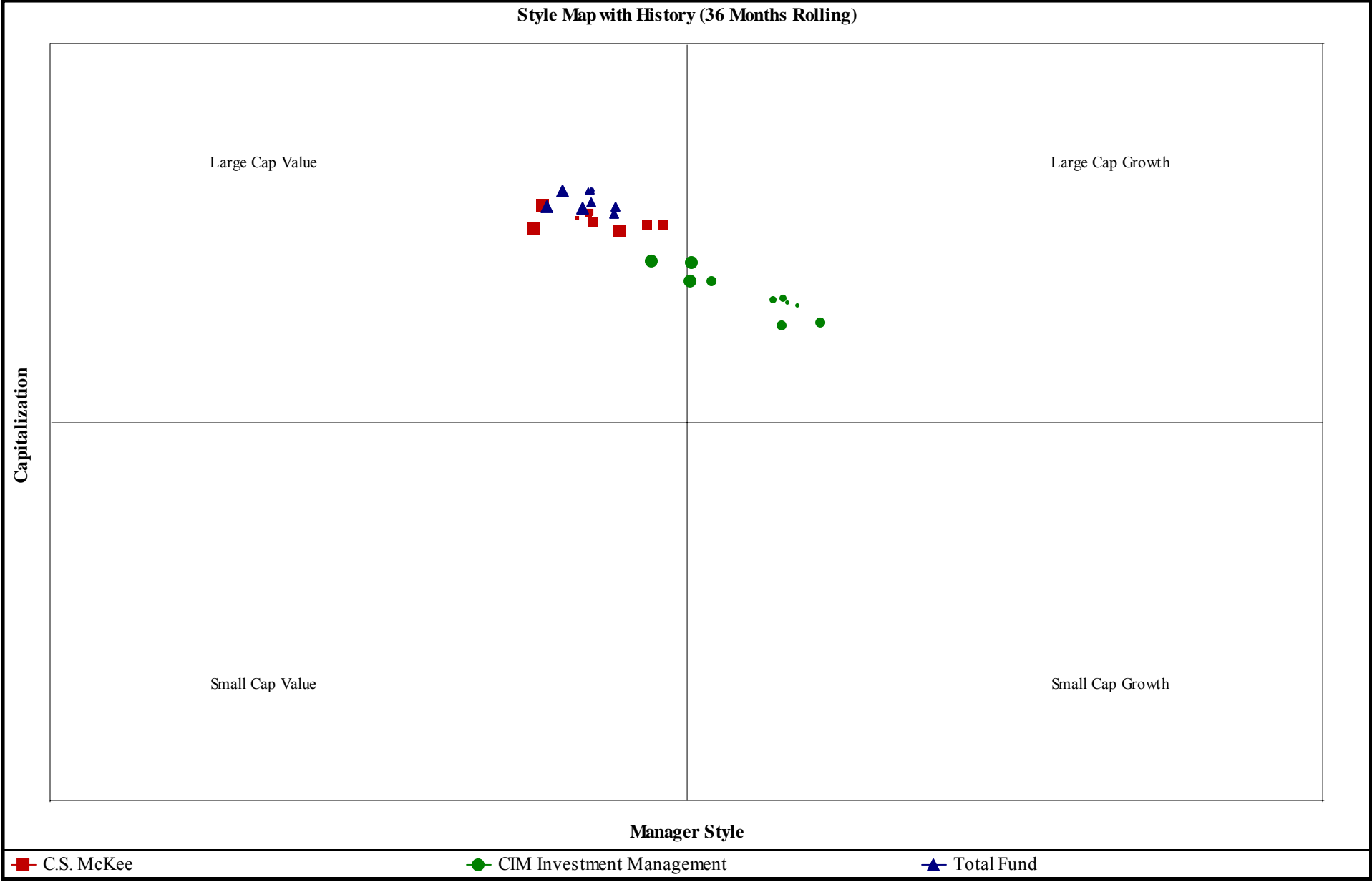
Ten Worst Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
MBIA INC.	0.19	0.02	0.17	-69.48
CITADEL BROADCASTING	0.00	0.00	0.00	-50.48
MEN'S WEARHOUSE INC	0.09	0.00	0.09	-46.60
FINISH LINE, INC. (THE)	0.02	0.00	0.02	-44.24
LIZ CLAIBORNE INC	0.31	0.02	0.30	-40.59
EXAR CORPORATION	0.09	0.00	0.09	-38.97
STERLING FINANCIAL	0.06	0.00	0.06	-37.25
CITIGROUP INC.	0.93	1.14	-0.21	-35.90
NATIONAL CITY CORPORATION	0.11	0.08	0.03	-33.29
COLONIAL PROPERTIES TRUST	0.05	0.00	0.05	-32.68
% of Portfolio	1.85	1.26		



**Buy and Hold Sector Attribution Graph
CIM Investment Management vs. S&P 500
Beaver County Employees' Retirement Fund
1 Quarter Ending December 31, 2007**

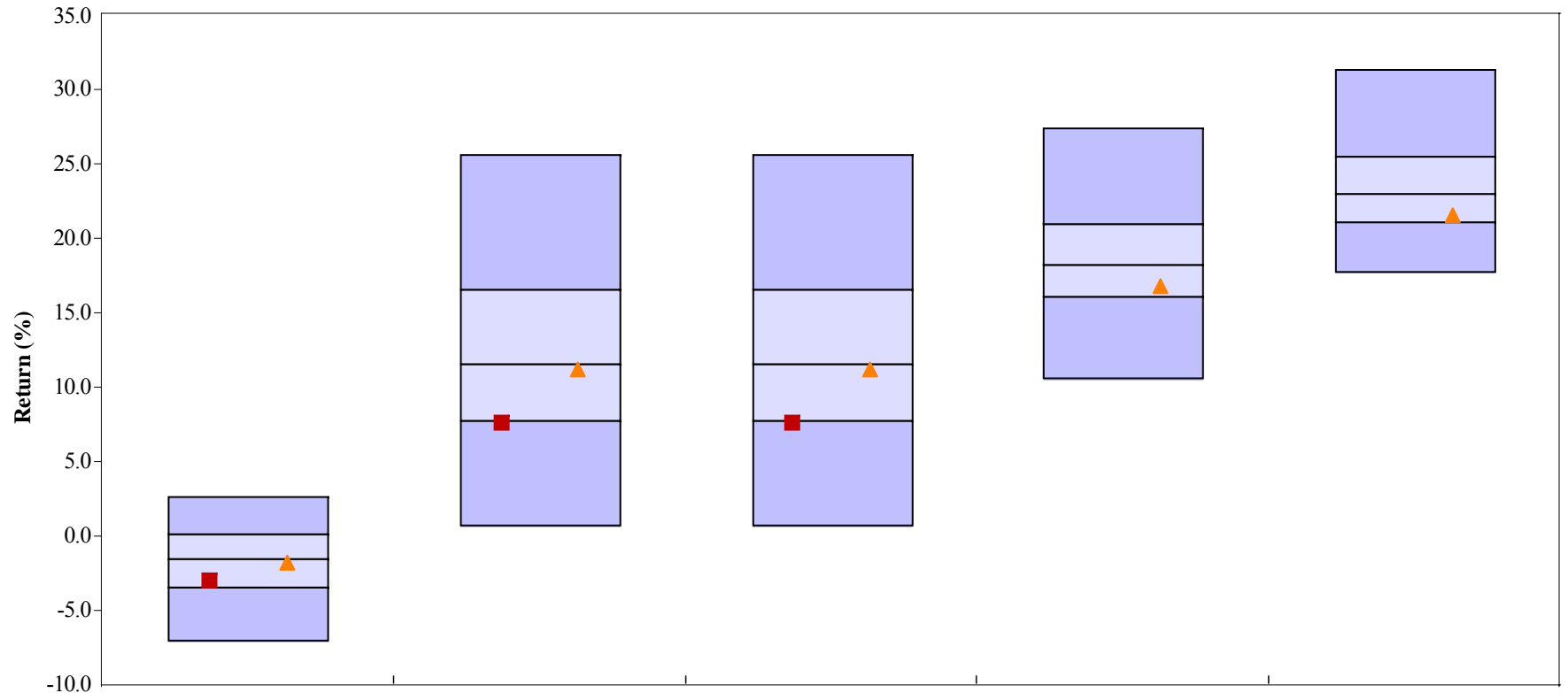


Style Analysis
January 1, 2004 To December 31, 2007



International Equity

Peer Group Analysis
International Equity All (SA+CF)
Beaver County Employees' Retirement Fund
As of December 31, 2007



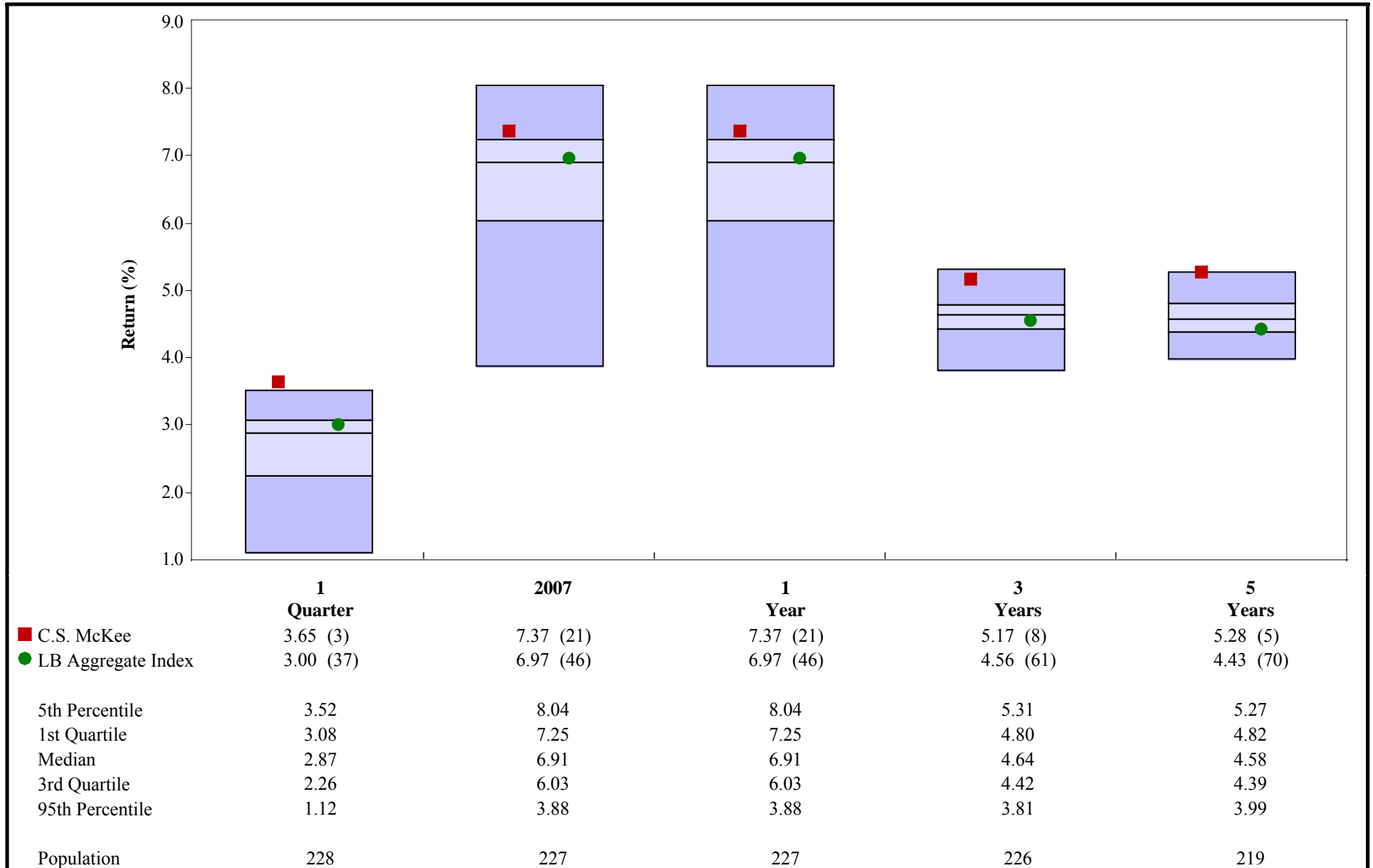
	1 Quarter	2007	1 Year	3 Years	5 Years
■ Boston Company	-2.93 (71)	7.67 (76)	7.67 (76)	N/A	N/A
▲ MSCI EAFE (net)	-1.75 (56)	11.17 (55)	11.17 (55)	16.83 (67)	21.59 (69)
5th Percentile	2.61	25.65	25.65	27.35	31.32
1st Quartile	0.12	16.56	16.56	21.00	25.52
Median	-1.50	11.60	11.60	18.18	22.99
3rd Quartile	-3.48	7.79	7.79	16.04	21.07
95th Percentile	-6.97	0.68	0.68	10.54	17.70
Population	453	449	449	394	348

Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on quarterly periodicity.
Returns are gross of fees.



Fixed Income

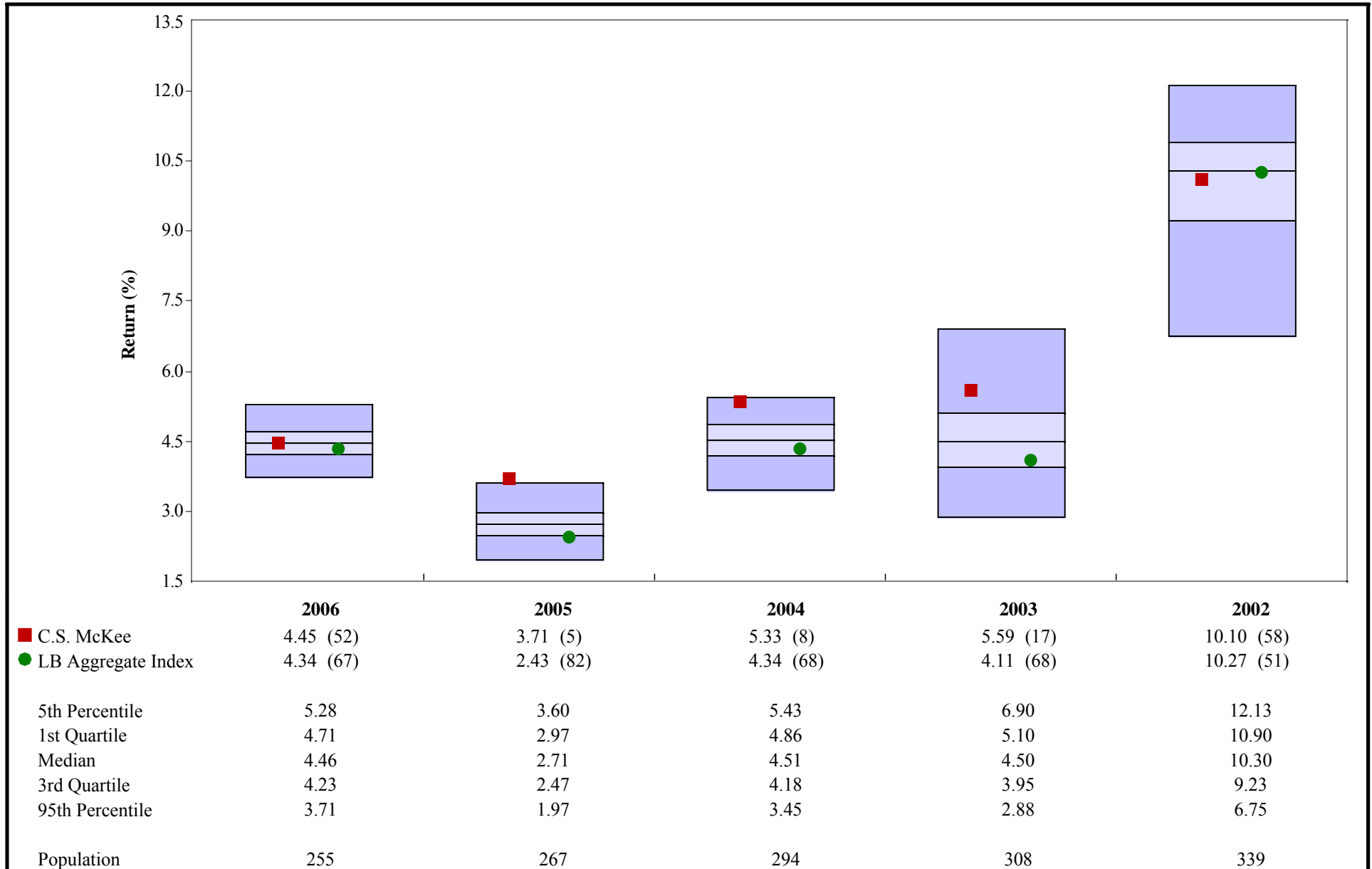
Peer Group Analysis
US Broad Market Core Fixed Income (SA+CF)
Beaver County Employees' Retirement Fund
As of December 31, 2007



Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on quarterly periodicity.
Returns are domestic fixed income.



Peer Group Analysis
US Broad Market Core Fixed Income (SA+CF)
Beaver County Employees' Retirement Fund
As of December 31, 2007

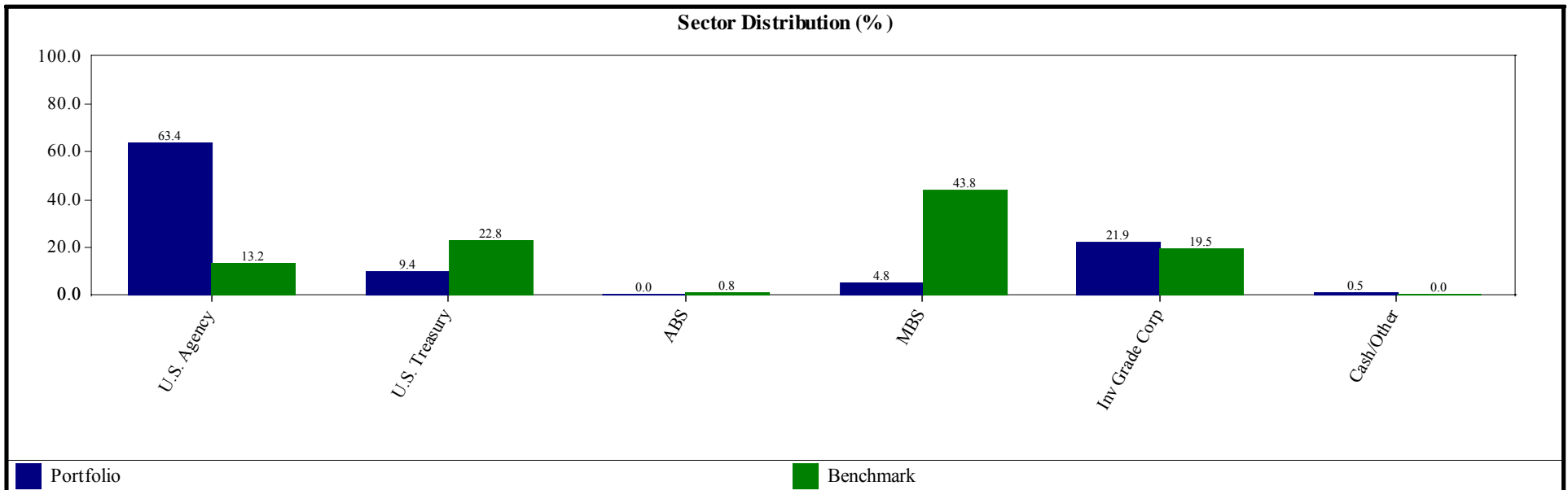
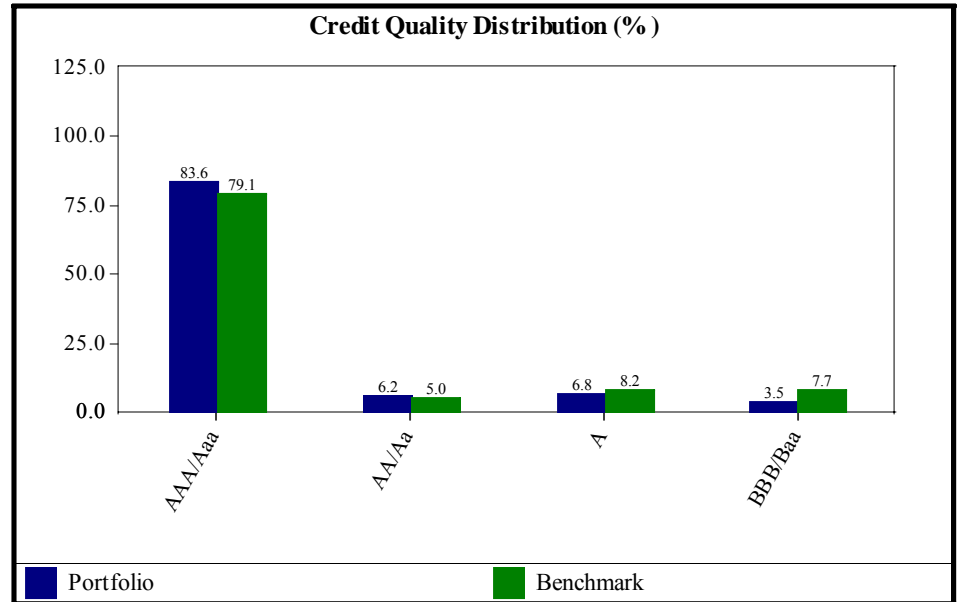


Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on quarterly periodicity.
Returns are domestic fixed income.

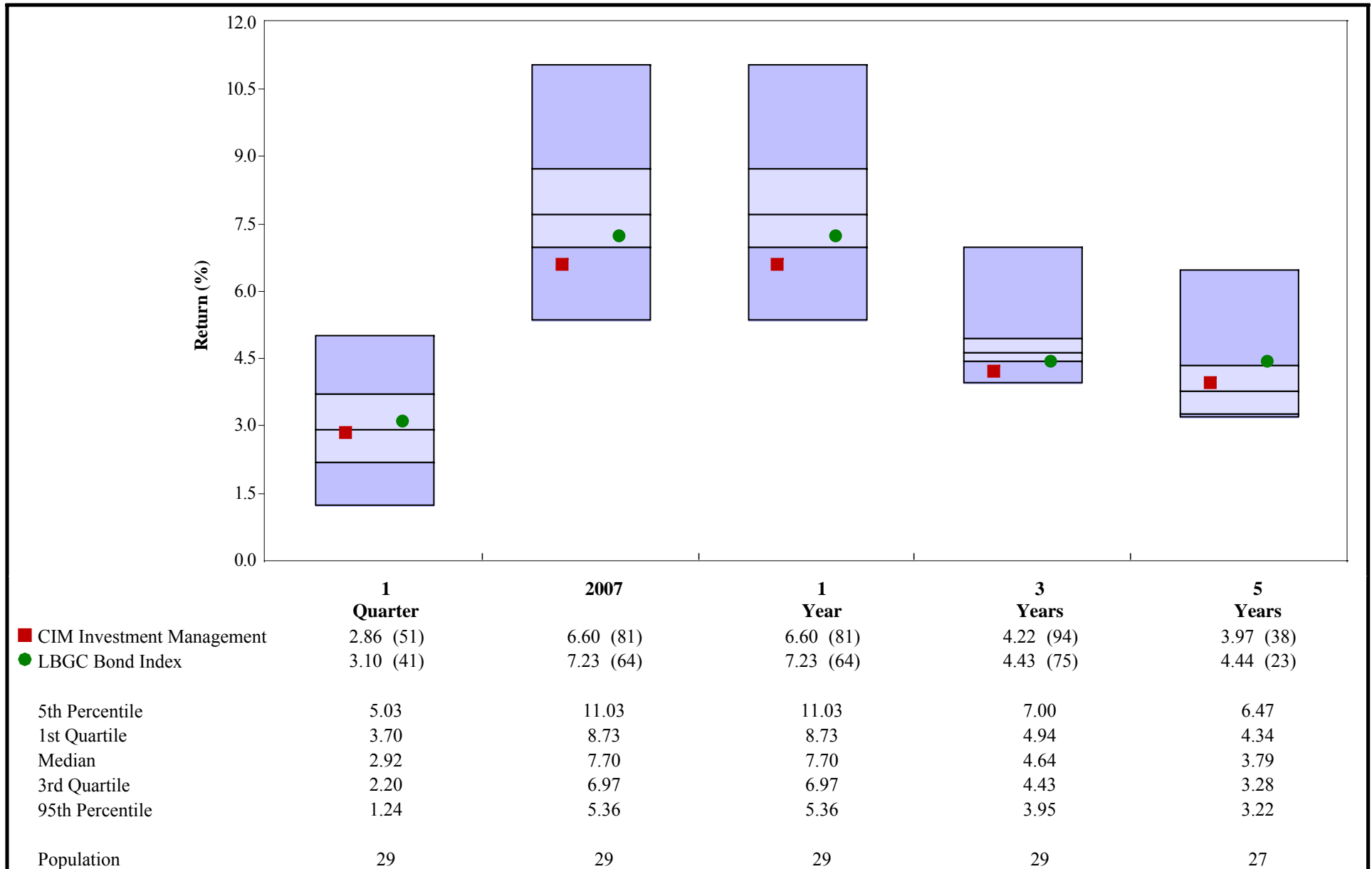


Portfolio Characteristics
C.S. McKee vs. LB Aggregate Index
Beaver County Employees' Retirement Fund
As of December 31, 2007

	Portfolio	Benchmark
Portfolio Characteristics		
Yield To Maturity	6.31%	4.90%
Avg. Maturity	6.75	7.05
Coupon Rate	4.77%	5.45%
Portfolio Duration	4.00	4.41
Avg. Quality	AAA	AA+



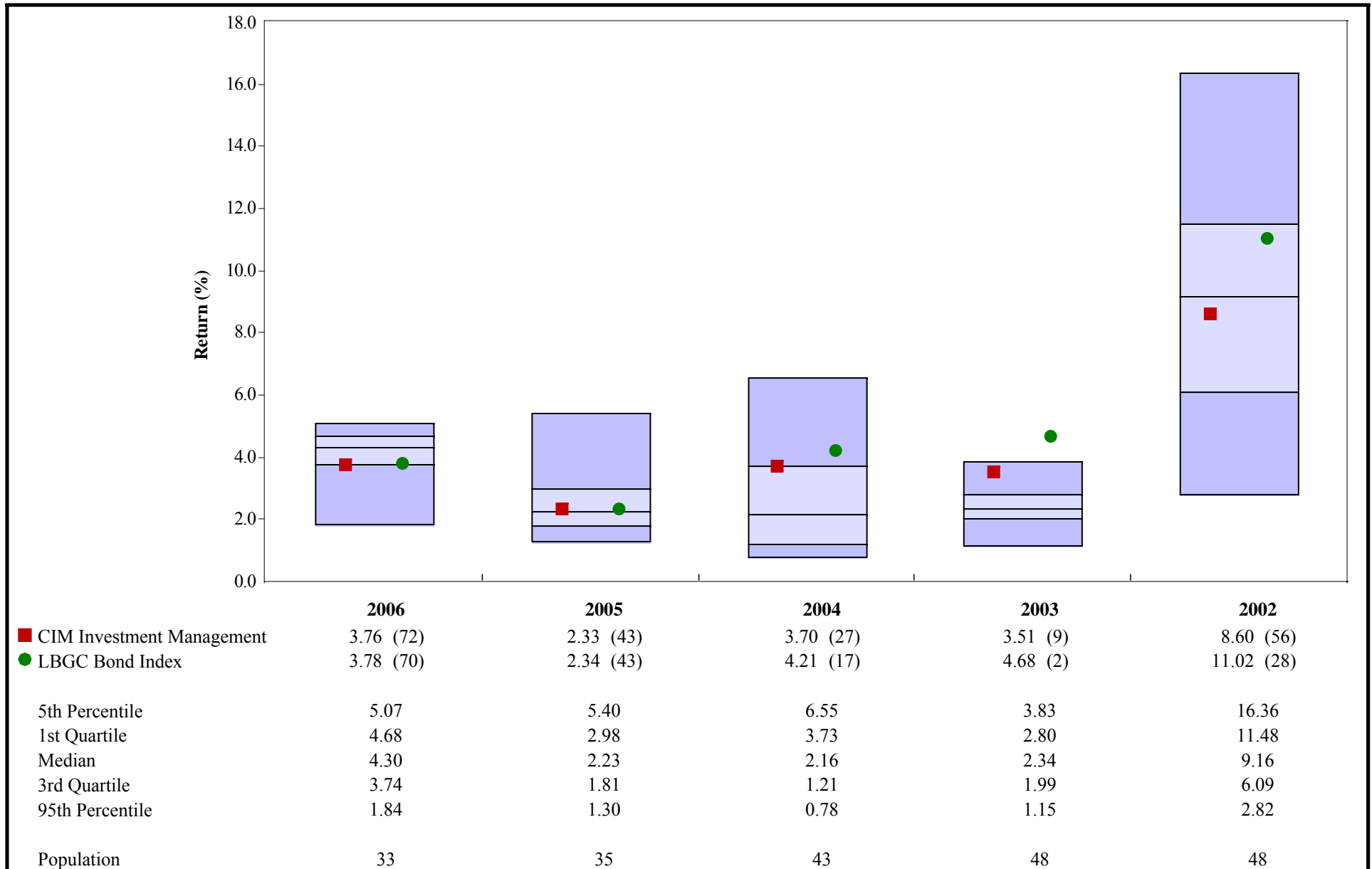
Peer Group Analysis
US Governments Fixed Income (SA+CF)
Beaver County Employees' Retirement Fund
As of December 31, 2007



Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on quarterly periodicity.
Returns are domestic fixed income.



Peer Group Analysis
US Governments Fixed Income (SA+CF)
Beaver County Employees' Retirement Fund
As of December 31, 2007

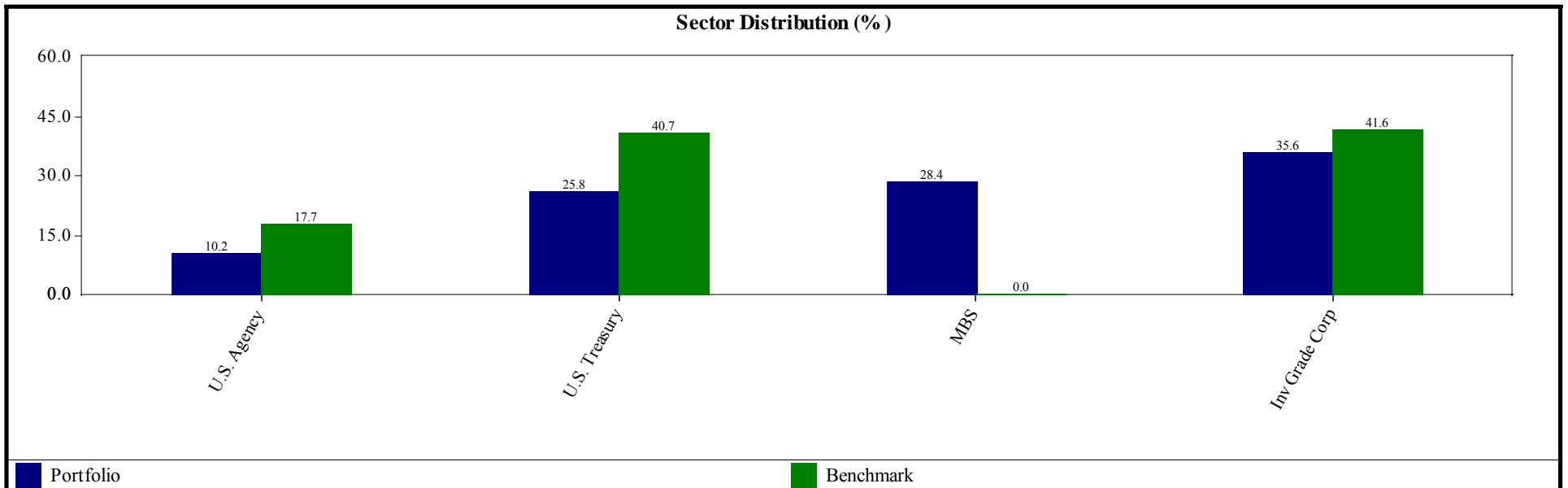
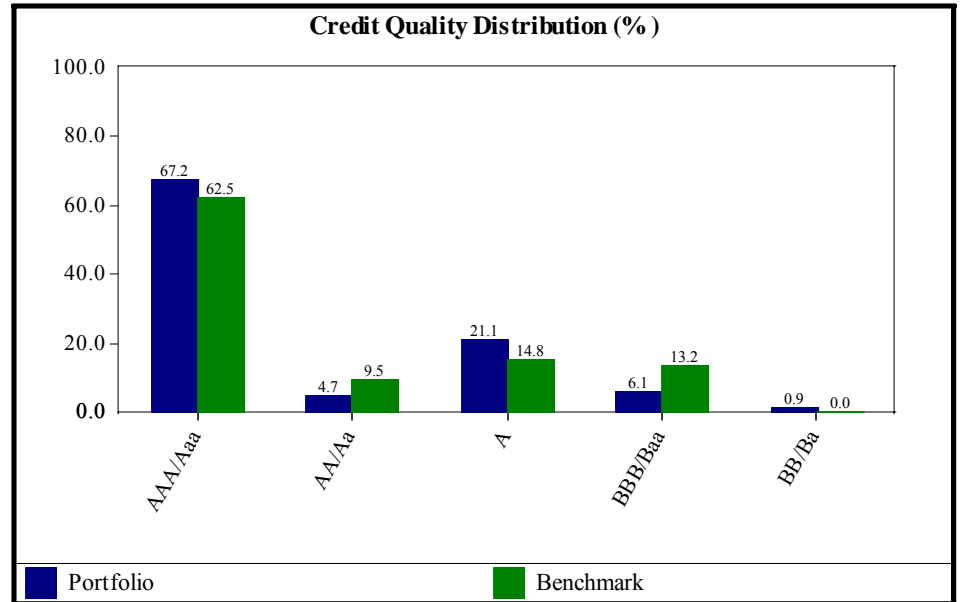


Parentheses contain percentile rankings.
Returns are expressed as percentages.
Calculation based on quarterly periodicity.
Returns are domestic fixed income.



Portfolio Characteristics
CIM Investment Management vs. LBGC Bond Index
Beaver County Employees' Retirement Fund
As of December 31, 2007

	Portfolio	Benchmark
Portfolio Characteristics		
Yield To Maturity	4.80%	4.53%
Avg. Maturity	6.16	8.10
Coupon Rate	5.39%	5.42%
Portfolio Duration	4.73	5.35
Avg. Quality	AA	AA



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